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17 December 1959

CURRENT INTELLIGENCE WEEKLY SUMMARY

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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

EAST-WEST RELATIONS Page 1

Moscow's circumspect treatment of President Eisenhower's trip suggests that propaganda guidelines have been established which exclude criticism of the President but permit criticism of elements in the United States and the countries visited for alleged attempts to undermine the President's objectives. The European satellites have generally followed Moscow's lead, but Peiping's comments continue to be more voluminous and much harsher than Moscow's. The Soviet Union's moderate attitude on the tour, however, has not prevented it from making its usual attacks on NATO and West German rearmament directed against the NATO ministerial meeting and the Western summit. [REDACTED]

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MIDDLE EAST HIGHLIGHTS Page 5

The attention of Iraqi political elements is centered increasingly on the resumption of political party activity scheduled for 6 January; Qasim, however, may still place limits on this "transitional" freedom. The Arab states continue to denounce Israel's long-term project to divert Jordan River water. The Libyan Government is preparing for controlled elections in mid-January. In Turkey, the regime of Prime Minister Menderes is weighing the advantages of holding national elections in 1960, a year ahead of schedule. [REDACTED]

PART II

NOTES AND COMMENTS

NUCLEAR TEST BAN TALKS Page 1

Moscow's compromise proposal at the Geneva nuclear test ban talks on 14 December was a further move to resolve outstanding political issues in order to focus the negotiations on the Soviet concept of an agreed number of on-site inspections each year as the final step in concluding a treaty. The USSR would agree to a two-thirds majority in voting on the budget for the control system rather than retaining a specific veto and it would accept a Western proposal for staffing control posts and the

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headquarters with personnel in equal numbers from Britain and the United States, from the USSR, and from other states. In exchange, the West would have to accept the Soviet formula for a control commission composed of three Western, one neutral, and three Soviet bloc members.

SINO-INDONESIAN TENSION Page 1

A recent exchange of notes between Peiping and Djakarta has intensified the dispute over Indonesia's treatment of Overseas Chinese. Foreign Minister Subandrio rejected renewed protests from Peiping over Djakarta's ban on alien retailers in rural areas and reaffirmed Indonesia's intentions to continue enforcement of the ban. Following receipt of the Indonesian reply, Peiping launched an extensive propaganda campaign charging Indonesia with excesses in implementing the decree and warning that it is a "grievous mistake" to assume that Communist China will do nothing in the face of the "unjustified discrimination and persecution" of the Indonesian Chinese.

SINO-SOVIET DIFFERENCES OVER ALGERIA Page 2

Peiping has failed to endorse Moscow's cautious approval of De Gaulle's proposals for a cease-fire in Algeria and apparently feels the bloc should encourage the Algerian rebels to continue hostilities. Moscow, although wishing to preserve its role as champion of the anticolonial movement, is perhaps more anxious to smooth the way for Khrushchev's impending trip to Paris and to lay the groundwork for subsequent summit negotiations. These apparent differences over the specific question of Algeria may reflect disagreement over the USSR's present "peaceful" foreign policy and the relative priority to be given support of nationalist colonial movements. Peiping may see its drive for influence in the Middle East, Africa, and Asia as best served by fanning the flames in former colonial areas; unlike Moscow, it has no direct interest at this time in coming to terms with colonial powers.

KHRUSHCHEV SPEECH ON ELECTRIC POWER AND ECONOMIC GROWTH . Page 4

Concerned lest the supply of electric power prove inadequate to meet the demands of Soviet industry in its race to catch up with the West, Khrushchev is sharply increasing existing long-term goals for expanding power production and is now calling for a sixfold increase in electric power to be achieved by 1975. Plans along these lines are to be presented to the 22nd party congress in 1961. Khrushchev, speaking to a national conference on

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electric power on 24 November, again stressed that the quicker results obtained by building thermal power stations are preferable to the cheaper electricity ultimately obtained from hydropower. [REDACTED]

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POLISH ECONOMIC PROBLEMS AND REFORMS Page 5

Polish Premier Cyrankiewicz, in a recent speech to the Sejm, outlined the troubles afflicting the economy and the measures designed to restore its balance. The regime has frozen wage rates, cut back overtime payments and bonuses, and in some instances raised output norms and laid off workers. Aware that some of its remedial measures could evoke serious worker unrest, the regime will probably move cautiously. [REDACTED]

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CHINESE COMMUNISTS STRESSING POLITICAL TACTICS IN TAIWAN STRAIT Page 7

Chinese Communist shelling of the offshore islands has decreased from the moderate level in June, and a temporary cease-fire may be announced for Christmas and New Year's Day. The "liberate Taiwan" theme has dropped out of recent propaganda. The Communists may be preparing the way for a period of new political approaches to Nationalist officials in an effort to get them to join the Communist cause or to create suspicion between them and American officials. [REDACTED]

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JAPANESE - SOUTH KOREAN RELATIONS Page 8

The return of the first shiploads of Korean residents in Japan to North Korea has been accomplished without serious disturbances. The movement of the repatriates, however, has stalled the present negotiations between Tokyo and Seoul on a repatriation program to South Korea and an over-all settlement of outstanding problems. Seoul, continuing to seek means to block the return of Koreans to North Korea, has proposed submitting the issue to the International Court of Justice and has protested to the United Nations. [REDACTED]

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LAOS Page 9

Premier Phoui's formation of a new Laotian Government without the reformist Committee for Defense of National Interests (CDNI), following failure to reach agreement on a cabinet list, may lead to a new period of political instability. The CDNI probably considers its exclusion only temporary, and may hope to re-enter the government by prevailing on the King to appoint a provisional cabinet after the National Assembly's mandate expires on 25 December. If the split between the reformists and the conservatives,

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led by Phoui, is not repaired, the government's efforts to cope with the Communist internal threat will be hindered.

NEHRU USES BORDER DISPUTE TO SPUR ECONOMIC BUILD-UP . . . Page 10

Prime Minister Nehru apparently intends to make full use of India's dispute with Communist China to obtain greater efforts from the Indian people toward economic development. Nehru has stressed in numerous public and parliamentary speeches his conviction that India's defense position can be improved only by strengthening the country's economic base. This effort to channel the public's anger over China's actions into constructive work may not meet with much success; in Parliament, on the other hand, Nehru will probably find it easier to get approval for costlier development programs than are now under way.

FIRST ELECTIONS UNDER PAKISTANI MILITARY REGIME Page 11

Elections for local representative councils, or "basic democracies," are to begin throughout Pakistan on 26 December. Although President Ayub has described these elections as the first step toward a return to "constitutional" government, he seems primarily interested in using the councils to increase the effectiveness of his administration and to strengthen public support for his regime. The public is aware that the councils are to be closely controlled by the government, and interest in the elections therefore remains limited.

CYPRUS ELECTION Page 11

Archbishop Makarios has emerged from the presidential election on Cyprus as the choice of a great majority of the Greek Cypriots although frustrated in his desire to remain the unchallenged leader of a unified community. Followers of Makarios are expected to win a decisive victory in the 10 January elections to the House of Representatives. The Communists--even though they may not be represented in the house, have established themselves as the actual major opposition to the Cypriot government. Makarios now can direct his attention to the unresolved dispute with London over the size of military bases to be retained by Britain after independence.

CAMEROUN Page 13

As the UN trust territory of Cameroun moves toward independence on 1 January, the French-sponsored Ahidjo government is operating under special legislation granting it full powers to establish the new state's institutions

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and to rule by decree until they come into being. A draft constitution is apparently nearing completion, and provisional accords providing for continued close association with France are being negotiated. The government is apparently unable to make significant progress in stamping out terrorist attacks by Communist-supported extremist elements. [REDACTED]

ALGERIAN REBELS MEET IN TRIPOLI Page 14

The impending meeting in Tripoli of the Algerian rebels' Revolutionary Council will probably include a full review of the deteriorating rebel military situation in Algeria and of possible new moves with respect to President de Gaulle's self-determination proposals. The failure of the Algerian resolution to obtain a two-thirds majority in the UN has discouraged the rebels, and may stimulate a search for a face-saving means of initiating talks with the French. The decision to meet in Tripoli rather than Tunis provides new evidence of friction between the rebels and Tunisian President Bourguiba. [REDACTED]

CHURCH SCHOOL ISSUE ENDANGERS FRENCH UNITY Page 16

Premier Debré's decision to press for an early solution of the issue of state aid to church schools may lead to the resignation of one or two cabinet ministers, and further crystallize parliamentary opposition to Debré. The upcoming debate on this volatile question could, by disrupting national harmony, also serve to weaken De Gaulle's bid for international leadership. A large rightist majority in Parliament favors increased support, but anticlerical forces outside the legislature are organizing strong opposition. The French Communist party is launching a vigorous drive for united action with the Socialists and other parties of the left. [REDACTED]

COMMUNIST ACTIVITY IN WEST GERMANY Page 16

In a large-scale crackdown on the illegal Communist apparatus, West German authorities have arrested Communist leaders and confiscated a vast amount of propaganda and other materials. Bonn officials are concerned over plans of a number of neutralist-inclined public figures to establish a new German-Soviet society under the sponsorship of the Soviet Embassy in Bonn. [REDACTED]

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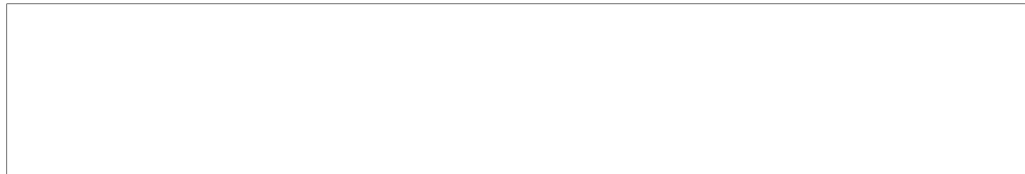
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NEUTRALIST TREND IN BRAZILIAN FOREIGN POLICY Page 18

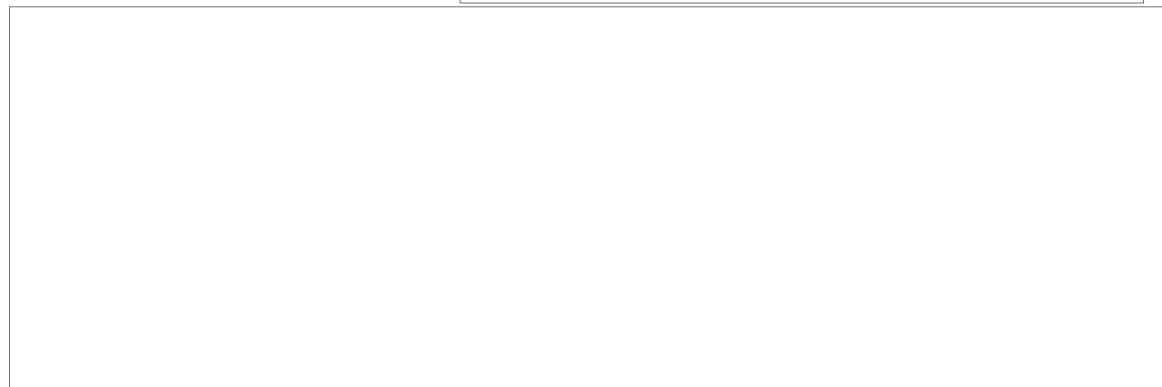
There are varied and growing pressures in Brazil to modify the country's long-standing policy of support for the United States. An instruction issued by the President's office reportedly has ordered "the same official attitude toward all countries," including the United States and the USSR. The Brazilian-Soviet trade and payments agreement signed on 9 December may lead to the re-establishment of diplomatic relations.

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PARAGUAY REPRESSES REBEL ATTACKS Page 19

The attacks on 12 December by leftist Paraguayan exiles, principally from Argentina, have placed new strains on the stability of the Stroessner regime, although they failed to attract widespread popular support within Paraguay or to win over any elements of Stroessner's vital military support. Reinstatement of repressive security measures will probably increase antigovernment feeling and lead to new opposition from groups which have thus far rejected violent tactics.

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PART III

PATTERNS AND PERSPECTIVES

SOVIET CENTRAL COMMITTEE MEETING TO TACKLE AGRICULTURAL PROBLEMS Page 1

Important agricultural measures and policies may emerge from the party central committee plenum on agriculture which is to convene on 22 December. Such measures

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would probably be aimed at expanding agricultural output greatly in the next few years by improving agricultural organization, labor productivity, and farm technology. The party probably hopes to stimulate the rate of growth in gross agricultural output more nearly in keeping with the 70 percent scheduled in the Seven-Year Plan (1959-65).

POLITICAL TRENDS IN MOROCCO Page 4

Political agitation and discord are mounting again in Morocco as the Ibrahim cabinet--composed largely of technicians installed as a stopgap measure a year ago--prepares to hold the long-delayed local elections. The first election to be held in Morocco is slated for next spring. Friction between the left and right, dramatized last January by the split in the dominant nationalist party, Istiqlal, seems likely to erupt into violence as the factions jockey for advantage. King Mohamed V, the national hero and the major unifying element in the country, is being criticized by Moroccans for indecisiveness.

BOLIVIA's PRESIDENTIAL CAMPAIGN Page 8

The next president of Bolivia is likely to be Victor Paz Estenssoro, head of the only major political party, the Nationalist Revolutionary Movement (MNR), and previously president from 1952 to 1956. Paz has recently defeated his party's right-wing leader, Walter Guevara, in a test of strength and appears to have the firm support of left-wing leader Juan Lechin and incumbent President Siles. Paz will probably be nominated at the convention of the MNR in January. This would be tantamount to election, since the MNR has polled 80 percent of the vote in the last two elections. While friendly toward the United States in recent years, Paz, who adopted unorthodox economic policies during his first term, is apt to take a more independent line than President Siles.

THE SINO-INDIAN BORDER Page 12

Both India and China have cited maps, treaties, and natural features to support territorial claims along their undemarcated border. Neither country can make a conclusive case for its claims; nor is either likely to submit its claims to arbitration. The disputed areas--totaling approximately 40,000 square miles--are sparsely populated, are characterized by high mountains and plateaus, and are comparatively inaccessible--particularly from India.

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PART I**OF IMMEDIATE INTEREST****EAST-WEST RELATIONS****President's Tour--Bloc Comments**

Moscow's circumspect treatment of the President's tour thus far suggests that propaganda guidelines have been established which exclude criticism of the President and confine unfavorable comments to "certain quarters" allegedly attempting to undermine the President's objectives. The President's movements and activities in each country are noted by both press and radio, and propaganda commentaries at the end of each visit have usually pointed out "favorable" aspects of the tour. Soviet reporting has been widely disseminated but has been brief, factual, and confined almost exclusively to summaries of communiqués and speeches.

In assessing the results of the trip, Soviet propagandists note that the local comment has been generally "positive" and that the President's "deep personal desire to see the people of our planet free from the threat of a new world war" is reflected in his speeches. A broadcast to Southeast Asia reported that the trip was "constantly in the center of public attention throughout the countries of Asia."

The Soviet press, however, has de-emphasized the public response to the trip, avoiding any mention of public enthusiasm, except for the visit to Athens, where it was alleged that the police attempted to

prevent "tens of thousands" from meeting the President with placards carrying slogans of "peace, coexistence, detente" and demanding "general disarmament."

On 13-14 December the Soviet press virtually ignored the President's activities in India, while broadcasts merely noted that the speech opening the Indian agricultural fair dealt with US agriculture and the problem of combating hunger throughout the world. On 15 December, however, the tour received the most extensive coverage thus far in both Pravda and Izvestia, with reports on the Indian and Tehran communiqués and the arrival in Athens.

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Soviet media have continued to stress that the President is having difficulty coping with elements in the United States and other countries who are attempting to achieve aims contrary to the President's stated objectives. One Soviet

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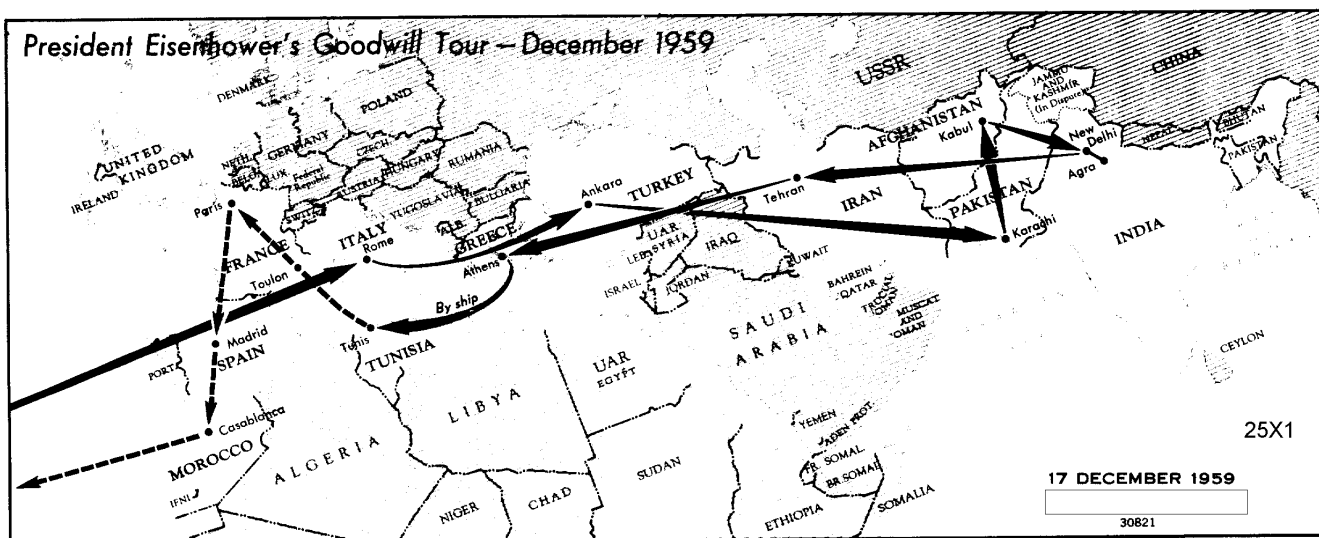
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commentator alleged that, because of the strength of these forces, the President was forced to take them into account and that this was evident in "inconsistencies" in his public remarks endorsing disarmament while at the same time approving a policy of continuing military blocs.

Eastern European reaction to the President's trip remains generally friendly. Except for

casts to Italy were surprisingly laudatory in commenting on the Nehru-Eisenhower communiqué.

Peiping's comment continues to be more voluminous and much harsher than Moscow's. While most of Peiping's commentary during the President's visit in India avoided the sharp criticism which preceded his arrival, the Chinese took the line that the President planned to exploit the Sino-Indian



Poland, very little press coverage has been given, and, even in Warsaw, coverage has been mainly on the second page of the newspapers. Radio reports have been restricted to factual quotations from some of the President's speeches. The warm public receptions, however, have not been mentioned.

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Free World Reactions

President Eisenhower's visit in India has been regarded as the high point of his tour by the Asian and African press generally, and his activities there have received nearly universal praise from "uncommitted" quarters. From India itself the reaction has been one of

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continued enthusiasm for the President--the "prince of peace"--whose personal contact with Nehru is said by one influential paper to have accomplished a "miracle."

Notes of caution regarding the trip, however, have again come from those nations most closely identified with pro-Western policies. The Pakistani press, for example, has indicated it hoped the President would take a more active role in solving the Kashmir problem. Both the Chinese Nationalist and South Vietnamese reactions emphasize that "peace through strength" is still the only way to deal with the Communists, and Taiwan in particular appears apprehensive that Nehru might have persuaded President Eisenhower to adopt a softer line.

The trip has evoked the best press the United States has had in Australia for some time. The Greek press again has emphasized the peace theme. Even the pro-Communist paper in Athens praised the "majestic demonstrations...as hundreds of thousands cheered one of the two great men of Camp David."

In the Middle East, the name of Eisenhower has joined Roosevelt, Churchill, and Stalin in adorning an Iranian roadway. Jordan's King Husayn is still a bit miffed at being left out; he feels that Jordan has been a staunch and undeviating friend of the West, while such countries as India and Afghanistan have taken aid from both sides.

Bloc Attack on NATO

In contrast to Moscow's moderate handling of the

tour, a sharp attack has been directed against NATO, with West German rearmament as the principal topic. Moscow charges in its propaganda that recent statements by American officials are an effort to use the NATO ministerial meeting which opened on 15 December as a pretext for stepping up the arms race. The propaganda theme that increasing contradictions among NATO members are causing a crisis in the alliance is consistent with the general Soviet line that Khrushchev's visit to the United States started an irrevocable trend toward an international detente which is still being resisted by certain Western factions.

The Soviet press claims that the United States is concerned over the reluctance of smaller states to assume an increased financial burden in the "arms race" and that only Bonn is willing to accept additional commitments. The US-French dispute over French military policy is extensively reported as an example of the results of the wave of optimism sweeping NATO since the Khrushchev visit. Soviet propagandists say this optimism is causing NATO members to lose the feeling of urgency in fulfilling the defense tasks laid down in the 1957 meeting.

As a further effort to capitalize on Allied divergencies, the Soviet press singled out London on 14 December for sharp criticism for conducting "secret" negotiations to implement the armament development agreement with West Germany announced on 3 December.

Renewed propaganda attacks on Bonn were supported by further diplomatic moves in the

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campaign to discredit West Germany as the major factor obstructing a "peaceful adjustment of postwar problems" which could be "achieved at the coming summit meeting." In notes to Bonn and other members of the Western European Union (WEU) on 14 December, Moscow complained that despite a "certain lowering of international tensions," West Germany had become "more active" in military matters. The notes cited a decision by the WEU on 21 October to permit the Germans to manufacture certain types of missiles as evidence of the recent efforts to "speed up" German rearmament.

The Soviet statement also repeated standard charges that arming the West German forces with nuclear weapons and missiles has created new tension in Europe and intensified mistrust of Bonn's policies.

The timing of the notes, anticipating the NATO meeting of 15 December, follows the usual Soviet practice, on the eve of high-level Western meetings, of emphasizing the danger of continued German rearmament.

Soviet Foreign Minister Gromyko also raised the question of German armaments in a mildly worded protest delivered to the Danish and Norwegian ambassadors on 11 December. He claimed, in the "politest language ever used" with the Norwegian officials, that establishment of NATO supply depots for the possible use of West German forces was disturbing the "spirit of Camp David." The protests were timed to coincide with the Norwegian Parliament's consideration of legislation ap-

propriating funds for the bases. The Soviet press subsequently expressed its "dismay" at Norwegian approval of the bases in support of "West German aggressive plans."

Several weeks earlier, Soviet and Polish diplomats indicated privately to the French Foreign Ministry their government's apprehensions regarding press reports of various proposals to change the nature of WEU. They implied that transferring WEU headquarters from London to Paris and using the organization as a coordinating body between the Common Market and the Little Free Trade Area would merely be covering up the fact that WEU was no longer capable of controlling German rearmament.

The Soviet assertion that West German rearmament efforts constitute an obstacle to an improvement in international relations has been emphatically rejected by a Bonn Foreign Ministry spokesman. Deputy Secretary Knapstein said it is common knowledge that West Germany's defense build-up is part of the country's obligations as a member of NATO.

A leading West German paper stated that Chancellor Adenauer had delayed his reply to Khrushchev's letter of 15 October because of the resumption of violent anti-German attacks in the Soviet press. The chancellor reportedly feels that, under such circumstances, there is no point in continuing the exchange of "conciliatory letters."

East German Moves

The East German regime is stepping up its demands to

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participate in the forthcoming summit talks. In response to Adenauer's statement that Bonn would not attend because participation of both Germanys would enhance the Ulbricht regime's prestige, East German Premier Grotewohl on 14 December declared that, if necessary, his regime alone would represent and speak for the German people and would take part in discussions relating to the German question.

Grotewohl misrepresented the communiqué closing the Geneva foreign ministers' conference by alleging the great powers acknowledged that representatives of both German states should

take part in consultations on German problems. He said the conference had adjourned with the recommendation that it be resumed with the same composition.

The regime is already making preparations to be on the spot for the summit conference.

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MIDDLE EAST HIGHLIGHTS

Iraq

The situation in Iraq is superficially calm, and public security appears good for the time being. The trials of persons accused of participating in the assassination attempt against Prime Minister Qasim are now scheduled to begin on 26 December, in the court presided over by the notorious pro-Communist, Colonel Mahdawi. Although Mahdawi will seek, as he has on previous occasions, to capture public attention with his unorthodox judicial methods, the focus of interest of most political elements is on the promised legalization of political party activity. In earlier speeches, Qasim has set 6 January as the date for this development.

There would appear to be a good chance that Qasim may so define the conditions of party activity as to restrict it considerably. The Communists would probably still prefer to operate either as part of a "united front" which they would dominate or under some other cover, lest they arouse sharper opposition. There is some evidence of new

splits or at least ideological disagreements among the Iraqi Communists, but there is no evidence yet that their activity has been seriously hampered. Foreign Minister Jawwad, however, has told Ambassador Jernegan that he is working--he implied with Qasim's approval--to encourage divisions among the Communists.

Qasim's propaganda war against the UAR was given a slightly new twist this week when he asserted that Arab Palestine had fallen victim not only to the Zionist imperialists, but also to Jordan and "Farouk's Egypt," and implied that Nasir's UAR has been content to keep the booty--the Gaza Strip--which Egypt acquired in 1949. Qasim proposed a Palestine state ruled by "Palestinian Arabs." The UAR for its part continues to attack the Iraqi regime at every opportunity.

Jordan Waters

The Arab press is continuing to issue bellicose propaganda blasts against Israeli water development plans involving diversion of the Jordan River. The UAR Government

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newspaper in Cairo has editorialized that, if necessary, military means will be taken to prevent implementation of the scheme, and a Jordanian daily in Jerusalem says the project must be stopped "at any cost, even if by force." Lebanese Foreign Minister Uwayni has asserted that the Arabs would resort to the "utmost" reprisals if Israeli action threatens equitable use of the Jordan River waters.

The Israelis insist that their plans will not go beyond the provisions of the Johnston Plan for Jordan Valley development, which was rejected by the Arab League Political Committee in 1955 despite virtual agreement on technical aspects of the plan among the Arabs at that time. However, the Israeli plan does appear to give somewhat more water to Israel than the Johnston plan.

Israel in any event contends that actual diversion of the river is not envisaged before 1969, although it hopes to pump water out of Lake Tiberias by 1964. The actual status of Israeli work along the river channel in the Israeli-Syrian demilitarized zone, however, is not available.

A related effect of the uproar over the Jordan waters may be that the tenure of Jordanian Prime Minister Majalli is in jeopardy. The American army attaché reports that rumors are increasing both within and outside the Jordanian Army that Majalli and his cabinet

will resign when King Husayn returns from his European vacation. One of the reasons now being cited is Majalli's "failure" to act vigorously with regard to the Jordan River water issue, which allegedly has given Nasir the opportunity to seize the initiative and "fight Jordan's battle."

Libya

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The final session of the second Parliament was brief and tightly controlled; the deputies listened to--and thereby satisfied the constitutional requirement for--the royal decrees issued during Parliament's preceding four-month recess. The public was excluded from the one-day session to discourage the few opposition deputies from orating on issues which might embarrass the government.

The King has switched the seat of government from Bengasi to the alternate capital of Tripoli, and intends personally to supervise election campaigning in Tripolitania Province, where opposition elements are strongest. Formal campaigning is to be limited to the period between 2 January--the date for announcement of candidacies and the posting of election deposits--and election day on the seventeenth.

The government's tested tactics of determining candidates

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and controlling key blocs of votes by a judicious combination of persuasion, bribery, and threats are expected to be almost as successful as they were four years ago. A number of office-seekers, however, are certain to attack American policy toward the Middle East, American base rights in Libya, and "inadequate" American aid. Virtually all candidates will condemn French policy and uphold the rebel cause in neighboring Algeria.

ten by American and West European aid in August 1958--was a further effort to ensure re-election of the Democratic party.

While May 1960 has been suggested as a possible date for the new elections, October appears, at this time, to be the more probable date. Several months will probably be needed to set up the necessary administrative and political machinery in the new provinces to be created next March.

The Menderes regime is taking steps to bolster its electoral potential. Menderes reshuffled and filled his cabinet on 11 December to remove the weakness of long-standing vacancies. The government is also sponsoring a bill to guarantee the salaries of assembly deputies for their entire four-year terms in order to forestall objections to early elections by incumbents who feel insecure in their present positions. Political activities by both the governing and the major opposition parties have markedly increased in recent months.

The Grand National Assembly may not take formal action for several months to advance the date of the national elections. Menderes will have time to reconsider any decision regarding elections if economic and political trends turn against him.

UNCC
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suggest that Prime Minister Menderes has decided to hold national elections in 1960, at least a year ahead of schedule.

The proposed budget for fiscal 1960, announced by Finance Minister Polatkan on 1 December, has been described by a Turkish official as "an election-year budget" because of its emphasis on items having popular appeal and the disregard for its inflationary aspects. The official charged that the government's abandonment of the economic stabilization program--underwrit-

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PART II**NOTES AND COMMENTS****NUCLEAR TEST BAN TALKS**

Following up previous statements urging the need for "mutual concessions," the chief Soviet delegate to the test ban negotiations at Geneva introduced on 14 December a compromise proposal linking the settlement of three outstanding political issues.

The USSR would agree to a two-thirds majority in voting on the control system's budget rather than retain a specific veto and it would accept a Western proposal for staffing control posts and the headquarters with personnel in equal numbers from the United States and Britain, from the USSR, and from other states. In return, the Soviet proposal calls for Western acceptance of the Soviet formula for a control commission composed of three Western, one neutral, and three Soviet bloc members. Such a composition and voting procedure would still enable Moscow to block any unfavorable decision on the budget.

The Soviet leaders probably hope that this offer to compromise on certain issues, inserted into the record just prior to a Christmas recess, will clear the way to focus the negotiations on the Soviet concept of an agreed number of

on-site inspections each year as the final step in concluding a treaty. The Soviet leaders probably hope that the West will drop its insistence on tying any quota of inspections to a scientific estimate of the probable number of unidentified seismic events each year. Moscow probably also hopes that its conciliatory move will serve to increase pressure on the West to make concessions and avoid an impasse in the technical talks on detecting underground explosions.

The Soviet experts in these technical discussions continued their efforts to counter American technical data which, if accepted, would necessitate changes in recommendations of the 1958 experts report for an inspection and control system to supervise a ban on all types of nuclear testing. They have urged the West to consider some compromise arrangement. Moscow probably feels that agreement at the present experts' talks would be the best means of forestalling any Western pressure for a limited treaty which would permit resumption of underground tests.

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SINO-INDONESIAN TENSION

A recent exchange of notes between Peiping and Djakarta has intensified the dispute over Indonesia's treatment of Overseas Chinese. Peiping's note on 9 December reaffirmed

accusations of Indonesia's "intolerable" treatment of Chinese nationals in the course of enforcing a ban on alien retailers in rural areas and their resettlement in

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nearby towns and cities. Peiping suggested the immediate implementation of the long-pending Sino-Indonesian nationality treaty and set forth a three-point proposal for treatment of Indonesian Chinese: permission for Chinese to acquire Indonesian citizenship, nondiscrimination for those who do not opt for such citizenship, and repatriation of those who do not wish to remain in Indonesia.

Indonesian Foreign Minister Subandrio's reply of 11 December rejected Peiping's protests, explained that Indonesia had been ready for months to implement the nationality treaty, and answered the three-point proposal in terms of the treaty. Subandrio made clear, however, that implementation of the treaty would not affect enforcement of the ban.

Subandrio informed the American ambassador that President Sukarno had personally authorized the unyielding reply. The Indonesian Army, which is enforcing the ban, has reaffirmed 1 January as the deadline for carrying out the decree.

Subandrio told a visiting American official on 7 December that Indonesia faces the problem of "containing" Communist China's immense power and populace.

In the Chinese Communist view, the Indonesian decree has a critical bearing on the contest between Peiping and Taipei for the loyalties of Overseas Chinese. Peiping on 12 December broke its public silence on the dispute to launch a propaganda campaign charging excesses in implementing the decree and lauding the "undeniable contributions" of Overseas Chinese to Indonesia's growth. People's Daily warned that it is a "grievous mistake" to assume that Chinese abroad have nowhere to go or that Communist China will do nothing in the face of the "unjustified discrimination and persecution" to which they are being subjected.

While determined to champion the rights of Overseas Chinese, Peiping still wants to keep Indonesia in the neutralist camp. The Communists seem to have given up efforts to force Indonesia to back down completely on implementation of the decree, but hope to preserve their standing among the Overseas Chinese by getting such concessions as a fair price for the properties of the dispossessed Chinese. Chinese Communist commentaries have not attacked the Indonesian Government directly and attribute difficulties to "reactionary forces" instigated by Americans.

25X1

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SINO-SOVIET DIFFERENCES OVER ALGERIA

Peiping has failed to endorse Khrushchev's recent gestures toward France concerning an Algerian settlement and has diverged from Moscow's cautious approval of De Gaulle's propos-

als for a cease-fire in Algeria. Peiping apparently feels that the bloc should discourage negotiations between Paris and the Algerian National Liberation Front (FLN) and encourage the rebels to

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continue hostilities. Moscow, on the other hand, although wishing to preserve its role as champion of the anticolonial movement, is perhaps more anxious to smooth the way for Khrushchev's impending trip to Paris and to lay the groundwork for subsequent summit negotiations.

These apparent differences between Moscow and Peiping over the specific question of Algeria may reflect disagreement over the USSR's present "peaceful" foreign policy and the relative priority to be given to support of nationalist colonial movements.

Since 31 October, when Khrushchev suddenly changed the Soviet line on De Gaulle's Algerian proposals--a change quickly imitated, with some embarrassment, by the French Communist party--Moscow has taken the position De Gaulle's attitude, if supported by realistic steps, "could play an important role in the settlement of the Algerian question." Some phrases in Khrushchev's Supreme Soviet statement even suggested that the USSR would not object to De Gaulle's desire that Algeria be a member of the French Community once a settlement is reached. He noted that historically close bonds had developed and still exist between Algeria and France, and referred to the Algerian right to "independent development," in contrast to Moscow's previous flat calls for "independence."

Subsequent Soviet propaganda has maintained the neat balance set up by Khrushchev. While giving qualified approval to De Gaulle's plan, it retains the essentials of the past Soviet position on Algeria and insists that

France must negotiate with the rebels on terms acceptable to them. Khrushchev's attitude, therefore, is still equivocal and remains closer to that of the Algerian Provisional Government than to that of France, but Soviet formulations now are couched in the most conciliatory terms toward France ever used by the USSR in discussions of Algeria's future.

Because Khrushchev attaches such primary importance to his current diplomatic initiative with De Gaulle--and to his long-range goal of splintering the Western alliance by weaning De Gaulle away from NATO--he has left the impression that he is prepared to relegate the Algerian rebellion to a secondary role on his diplomatic timetable.

Peiping, on the other hand, has made no comment whatever on Khrushchev's Supreme Soviet speech. It has generally been more circumspect in attacking De Gaulle's proposals since Khrushchev's speech, presumably in order to retain some flexibility of line in the event of actual cease-fire negotiations. It has continued, however, obliquely to indicate its dislike for the proposals, its opposition to negotiations, and its support for continuation of war until the FLN wins "true independence." Peiping's attitude seems even more extreme than that of the FLN itself; the Chinese have never commented on the FLN's response to De Gaulle on 28 September, a moderate response which Moscow lauded as an opportunity to begin negotiations.

Although the extent to which Khrushchev can or will go to support a cease-fire in Algeria is questionable, Peiping evidently feels he has

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already gone too far. The Chinese Communists may feel that Khrushchev's tactics could conflict with Chinese interests.

While Moscow has much at stake in the forthcoming Khrushchev - De Gaulle talks and in later summit meetings, Peiping presumably believes it has little to gain and possibly something to lose. Peiping probably feels it has considerable interest in maintaining hostilities in Algeria. The more active the rebellions in colonial areas, the greater the opportunity for Peiping to spread its influence among nationalist leaders looking for outside support against colonial powers. Peiping may regard the Algerian rebellion as a salutary example for other nationalist movements throughout Africa and Asia.

Peiping may thus see its drive for influence in the Mid-

dle East, Africa, and Asia as best served by fanning the flames in former colonial areas; unlike Moscow, it has no direct interest at this time in coming to terms with colonial powers. The Chinese Communists, for example, reportedly sought last July at an international Communist conference to "put anticolonialism first," whereas Moscow is said to have wanted to "muffle" the anticolonial line in the interest of reaching political arrangements with France and Britain.

Peiping may also feel-- and probably rightly so--that Khrushchev's gambit has undermined the position of FLN elements who want to continue the war, or, at a minimum, set a higher price on a cease-fire. It probably feels too that Khrushchev has incurred needless liabilities with the Afro-Asian bloc in adjusting to the French position. 25X1

KHRUSHCHEV SPEECH ON ELECTRIC POWER AND ECONOMIC GROWTH

Addressing a national conference on power-plant construction on 28 November, Soviet Premier Khrushchev said that electrification of the countryside and establishment of the economic basis of Communism would form the nucleus of a new party program to be presented in 1961 to the 22nd party congress. Khrushchev apologized for the fact that this new party program has been long in coming--the decision to draw it up was first taken in 1939 at the 18th party congress--but added that the delay may have been for the better, since "now we have possibilities for looking wider and farther afield."

A new 15- to 20-year economic forecast is being drawn up, apparently to supersede the

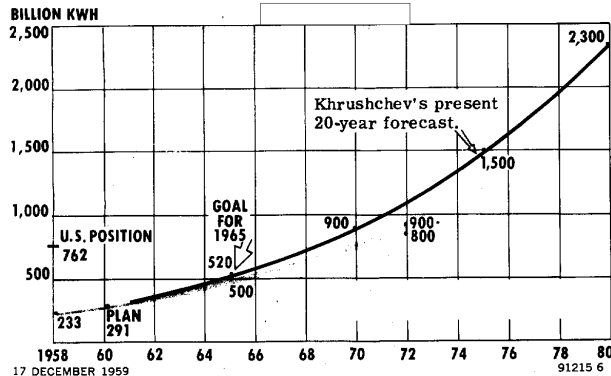
15-year goals (1958-72) set by Khrushchev in 1957. Khrushchev told the construction workers that 1,500 billion kilowatt-hours of electricity must be produced in 1975; the goal for 1972 has been only 800 to 900 billion kwh. No other new forecasts were provided; it is not known whether these higher goals in electric power imply stepped-up goals for other industries as well.

The new target indicates an intention to continue beyond the Seven-Year Plan (1959-65) the rapid pace of development for electric power called for during those years; the 1972 goal implied a declining rate of expansion after 1965. This increase is all the more interesting in light of the present concern for availability of electric

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SOVIET FORECAST FOR ANNUAL GROSS ELECTRIC POWER PRODUCTION

ditional electric power facilities have been relatively limited since 1956, with the result that electric power supply may not keep up with industry's requirements in the immediate future.

A sufficient electric power supply, essential to the fulfillment of mechanization, automation, and, in turn, labor-productivity goals, is a key to

power for industry as reflected in an open letter from the party central committee published in the Soviet press on 25 November. This letter criticized waste of electricity and charged that the uneconomical use of power is a "criminal" expenditure.

The letter also revealed that the annual increase in power consumption by industry, which was 9.8 percent in 1958, will fall to 8 percent in 1960. The Seven-Year Plan calls for an average annual increase of 12 percent. The lower aim for 1960 reflects the fact that allocations for financing ad-

success in the achievement of industrial output targets and the program to "overtake and surpass" the United States.

The short-term solution to the problem of inadequate electric power is to be found in the drive to economize on power expenditure. As a longer term means of overcoming such a problem, Khrushchev is advocating the expedient, more costly in the long run, of construction of more thermal power stations, which can be built and put into operation more quickly than hydroelectric stations. (Prepared by ORR)

25X1

POLISH ECONOMIC PROBLEMS AND REFORMS

Polish Premier Cyrankiewicz, in a recent speech to the Sejm, outlined the troubles afflicting the economy and the measures designed to restore its balance.

One of the most serious problems is the inflationary pressure accentuated by the decline in meat supplies and fostered by loose fiscal and wage controls in 1959, especially in construction and machine-

building enterprises as a result of sharply rising investment expenditures. To reduce these pressures, not only has the regime sharply hiked meat prices, but it has also cut investments to a minimum during the present quarter and has initiated other deflationary measures which, according to the press, have "caused repercussions and individual hardships in many branches of the economy"---probably to laid-off workers.

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The lax administration of wages in 1959 has led to a general breach of the wage fund ceilings. In their eagerness to maintain labor harmony and raise production, enterprise managers have paid unjustified bonuses, authorized excessive hours of overtime, and permitted unwarranted absenteeism. One official stated recently, "Bonuses amount to between 40 and 80 percent of the monthly wage." In a factory in Gdansk, even charwomen and telephone girls have been paid bonuses for "technological improvements." Pilferage is so widespread that Poland has been called a country where "the citizen robs the state, and the state robs the citizen."

The exact extent and impact of deflationary measures for the last three months of 1959 are not yet known. The regime has frozen wage rates, cut back overtime payments and bonuses, and in some instances raised output norms and laid off workers. Apparently the regime is returning to a rule of one employed person per family, since married women are being laid off. In some plants personnel have been reduced by across-the-board percentage cuts. As a result there have been short strikes, threats of strikes, and, on the part of the regime, antistrike action.

Nor is the peasantry, the least regimented half of the population, to have as easy a time in 1960 as during the past two years. Farmers will be under pressure to join government-sponsored agricultural

"circles" for the mechanization of farm land and will be expected to meet compulsory produce obligation, often not paid in full in the past. In addition, the regime plans to collect back taxes, partly as a sop to the worker, who feels that the peasant should also tighten his belt in response to the recent increase in the price of meat. These tax arrears amount to \$200,000,000 (4.9 billion zlotys), one half of which the state plans to collect in 1960--a program which will make the peasant more uncooperative.

Nevertheless, many production goals are being fulfilled this year. Industrial output will surpass the planned 7.6-percent increase over the 1958 level. Furthermore, Soviet economic support seems to be available, since the USSR recently promised 400,000 tons of grain in addition to the 400,000 provided in the trade agreement for 1960.

The deflationary program is to continue into 1960, during which the rate of growth is to be comparable to that achieved in 1959 but without any significant increase in wages or consumption. Revision of wage norms and tightening of fiscal controls probably will be expanded further.

Judging from the restraint of Cyrankiewicz' speech, the regime realizes that some of its remedial measures are potentially explosive--particularly those affecting the

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labor force. Although large numbers of workers reportedly are to be laid off, it appears more likely that the deflation-

ary measures will be applied with caution to minimize the possibility of another Poznan.

25X1

CHINESE COMMUNISTS STRESSING POLITICAL TACTICS IN TAIWAN STRAIT

Chinese Communist shelling of the offshore islands has decreased from the moderate level in June, especially during the last three months. Only 81 high-explosive shells were fired against Chinmen during November, as compared with 1,215 in June. The 82 fired through 13 December was primarily counter-battery response to Nationalist shelling. The Matsus have not been shelled at all in the last three months.

<u>Month</u>	<u>Chinmen</u>		<u>Matsu</u>	
	<u>HE Shells</u>	<u>Propaganda Shells</u>	<u>HE Shells</u>	<u>Propaganda Shells</u>
June	1215	808	429	108
July	537	373	404	41
August	125	225	78	64
Sept	156	808	5	69
Oct	114	872	0	0
Nov	81	491	0	0
Dec (thru 13th)	82	72	0	0

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Chinese Communist leaders in recent conversations with foreign visitors have de-emphasized the use of force against Taiwan, stating that the issue would "resolve itself in the course of time." There is no mention of the "Liberate Taiwan" theme in current propaganda.

The Communists may be preparing the way for a period during which persistent political approaches will be made to Nationalist officials in an effort to get them to join the Communist cause or to create suspicion between them and American officials. During his

visit to China last October, Khrushchev may have given added impetus to Peiping's apparent shift to political tactics against Taiwan.

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The prospect of renewed appeals to the Nationalists to defect has been heightened by the recent amnesty granted 30 Kuomintang "war criminals."

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The Communists probably regard their appeals to the Nationalists as a long-term effort and do not expect any important Nationalists to defect in the near future. Peiping's current stress on political tactics and avoidance of the "liberation" issue is

probably intended to dispel the impression of Communist aggressiveness in the Taiwan Strait. The regime may announce a temporary cease-fire for Christmas and New Year's Day, as in 1958, in order to dramatize its "peaceful" intentions.

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JAPANESE - SOUTH KOREAN RELATIONS

The return of the first shiploads of Korean residents in Japan to North Korea has been accomplished without serious disturbances.

The movement of the repatriates has stalled the present negotiations between Tokyo and Seoul on repatriation to South Korea and an over-all settlement of outstanding problems. The Japanese expect the repatriation program to continue smoothly and hope that South Korean irritation will subside sufficiently to permit the talks to progress. Seoul, however, continues to seek means to block the return of Koreans to North Korea and has proposed submitting the issue to the International Court of Justice (ICJ) and has protested to the United Nations.

Two Soviet ships carrying 975 Koreans departed Niigata, Japan, on 14 December and arrived at Chongjin, North Korea, two days later. Additional sailings are expected to return by the end of January the remainder of the approximately 5,000 who have already applied for repatriation.

At the final screening at Niigata, none of the repatriates changed their minds. The representative of the International Committee of the Red Cross publicly announced that the processing was fair.

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Japanese officials anticipate that the number of additional applicants for repatriation will be contingent on reports regarding the treatment the first returnees receive. Chosen Soren, the pro-North Korean organization in Japan, is expected to propagandize the "happy circumstances" these first repatriates enjoy. Pyongyang has been emphasizing the housing, employment, and educational opportunities awaiting the returnees.

President Rhee

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On 13 December [] ordered the South Korean armed forces alerted, but no attempt was made to stop the repatriation ships.

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[] Seoul also failed to carry out its threat to break off negotiations with Tokyo. Nevertheless, agitated over the repatriation and what he regards as the American

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failure to support South Korea's interests on other matters, Rhee may be pondering some initiative which would dramatize his anti-Japanese posture and redirect international attention to the Korean unification problem.

Seoul's request that Tokyo agree to take the dispute over the status of Korean residents in Japan to the ICJ appears to

be little more than another maneuver to block the North Korean repatriation. Tokyo, according to Japanese press reports, intends to reject Seoul's request on the grounds that the repatriation is a humanitarian question, not a political issue. The South Korean protest to the UN is likely to be given only a routine dissemination to the members.

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LAOS

Premier Phoui has reorganized the Laotian cabinet without the reformist Committee for Defense of National Interests (CDNI), which held several important posts in the previous cabinet. This development came after failure to reach agreement on a new cabinet list embracing both Phoui's conservatives and the CDNI, and may lead to a new period of political instability in Vientiane. Phoui also gained the King's probably reluctant approval for an extraordinary session of the National Assembly for 17-22 December. The premier reportedly tried to leave the closing date of the assembly session open, but was vetoed on this point by the King, thus suggesting that the monarch remains insistent on the expiration of the assembly's mandate on schedule on 25 December.

The CDNI had been opposed to any cabinet changes prior to 25 December and to any further session of the present assembly. It reportedly plans to issue a statement soon criticizing Phoui's recent moves as inopportune and of questionable constitutionality. The reformists may still hope to re-enter the government after the assembly

ceases to function, possibly by prevailing on the King to establish a new provisional government. On the other hand, they may be content to bide their time, concentrating on getting a new assembly more to their liking in early elections. A third possibility is that the CDNI might attempt a coup with the strong army backing it reportedly enjoys.

The special assembly session may be a turbulent one. The deputies have been denied a forum since last January, when they voted the Phoui government special powers, and may be tempted to use the session as the occasion to give vent to their accumulated grievances against the government. Moreover, the pro-Communist Neo Lao Hak Zat leaders who are in jail awaiting trial may be permitted to attend the assembly session and could be expected to try to disrupt its proceedings.

The preoccupation of the conservatives and the reformists with their political differences has already hampered the government's efforts to cope with the Communist internal threat. Unless the new split between them is soon repaired, the government's anti-Communist campaign will be seriously undermined.

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NEHRU USES BORDER DISPUTE TO SPUR ECONOMIC BUILD-UP

Prime Minister Nehru apparently intends to make full use of India's dispute with Communist China to obtain greater efforts from every section of the populace toward economic development. Realizing that his constant exhortations during the past ten years have not always had the desired effect, Nehru sees in the external threat from China an opportunity to put new energy into the country's development drive in the guise of a national preparedness program.

During most of November and early December, Nehru stressed in numerous parliamentary and public speeches his conviction that India's defensive position could be improved only by strengthening the country's economic base. He told provincial audiences that they must "be prepared in every way" and that they should show their anger over China's "attacks on our borders" by working harder in the fields and factories.

Nehru's rationale for these repeated pep talks was indicated in his 3 December press conference. When asked if the government would be more "dynamic" in its economic planning as a result of the border threat, he observed that the vital element is "popular reaction to hard work and greater burdens," and that this reaction would be greater if the people had "a sense of the dangers they have to face."

The prime minister warned Parliament that the gravity of the present situation should be fully realized, for it would

affect all the government's planning and production. "Let there be no mistake about it," he stated, "every single activity will have to be conditioned by that one major fact." Nehru emphasized that purely from the defense point of view, the country's primary targets of industrialization and increased agricultural production were more than ever essential." He denied there was any choice of "bread or guns," of gearing the economy either to peacetime needs or war requirements, commenting that "bread is sometimes more necessary than guns for an army."

Nehru has also exploited this debate to point up his previous argument that India must begin to manufacture its own weapons so as to eliminate the "danger" of depending on foreign supplies of arms.

Nehru has repeatedly warned that the border problem is not a short-term crisis. With much attention focused on the draft of India's Third Five-Year Plan (1961-66), now in preparation, the prime minister asserted that China's action makes it all the more important to plan "big" and to enforce even greater austerity during this critical five-year period.

While Nehru's effort to channel the emotional energy of the masses into constructive work may not meet with much success, the border situation probably will make it easier for his government to get parliamentary and press approval for costly development programs.

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FIRST ELECTIONS UNDER PAKISTANI MILITARY REGIME

Elections for local representative councils, or "basic democracies," are to begin throughout Pakistan on 26 December. Although President Ayub has promoted these elections as the first step toward a return to "constitutional" government, he seems primarily interested in using the councils to increase the effectiveness of his administration at the local level.

Promotion of these councils reflects Ayub's desire to strengthen his popular support by securing at least partial legitimacy for his regime. He does not like to be called a dictator and apparently hopes to make his position more acceptable to the people by making this gesture toward constitutionality.

In contrast to the parliamentary politicians he ousted from control in 1958, Ayub is concerned about "good government" more for the sake of law, order, and efficiency than for purposes of civil rights and parliamentary democracy. He seems to believe that the success of any attempt to raise Pakistan's standard of living will ultimately depend on the coordinated efforts of the peasants and workers, and he therefore wants to improve the implementation of national policy at the village level.

Ayub apparently expects district administration to be strengthened by putting the popularly elected local councils under the district commissioners. Since the military regime ultimately rules by intimidation, it is difficult for the leaders to know what the people are thinking. The government-monitored press usually reflects only favorable opinion, although much of the press is privately hostile to the regime. Ayub probably hopes that the district commissioners, working closely with the new councils, will provide the needed mechanism for keeping in touch with public sentiment.

Recognizing that the elections must be made a "success" if they are to strengthen public support for the regime, the government has launched a full-scale publicity campaign. The government's explanation of the new system to the electorate has made it increasingly clear, however, that the "basic democracies" are not intended to give scope for opposition to the regime. The prospect that the government will have control over the councils has tended to lessen public interest in the election, and the government will have to continue its efforts after the elections to convince the Pakistanis that the "basic democracies" system benefits them. 25X1

CYPRUS ELECTION

Election of Archbishop Makarios on 13 December as first president of the Cypriot Republic, to be established by 19 February 1960, confirms his predominant influence over island affairs. The archbishop

was elected by a two-to-one margin for a five-year term. Followers of Makarios, many of them former members of the Greek Cypriot underground organization EOKA, are expected to win--possibly sweep--the 10 January

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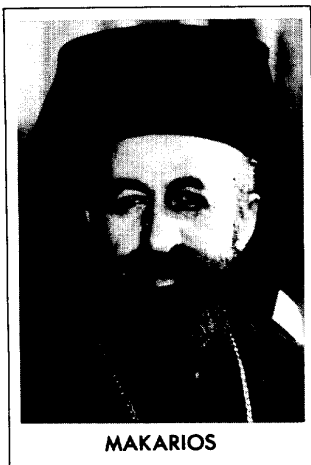
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elections to the House of Representatives.

While Makarios carried the conservative rural areas,



MAKARIOS

his winning margin was not as large as anticipated. He also had majorities in five of the six cities on the island but lost Famagusta by some 200 votes. His opponent from the Cypriot Democratic Union (CDU) --John Clerides, 72-year-old former member of the crown colony's Executive Council-- had the support of several dissident rightist politicians, many intellectuals, part of the business community, and a few prominent Greek Cypriot nationalist extremists. He also enjoyed the "benevolent neutrality" of former EOKA leader George Grivas in Athens. Members of the Communist-led Reform Party of the Working People (AKEL) and its affiliated organizations, however, are believed to have cast about 60,000 of the 72,000 votes against Makarios.

The future relationship between the Archbishop and the present leaders of the CDU is uncertain. Makarios hinted

before the election that he might be willing to include several persons acceptable to that party on a single non-Communist Greek Cypriot slate for the legislative elections. This would permit an opposition element in the House of Representatives while keeping the Communists out.

The reaction of CDU leaders to such a proposal is unknown, although they have previously stated that the party would place its own slate of candidates in the forthcoming election. Realization that the electoral law will probably permit Makarios' slate to capture all of the 35 seats in the house assigned to the Greek Cypriots may incline the CDU leaders to reach an accommodation with the archbishop.

The Communists--whether represented in the future house or not--have established themselves as the actual major opposition to the future govern-



KUCHUK

ment. Their apparent strength in rural areas, as revealed in the presidential election, was particularly impressive. The vote also gave added weight to

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dispute with London over the size of military bases to be retained by Britain after independence.

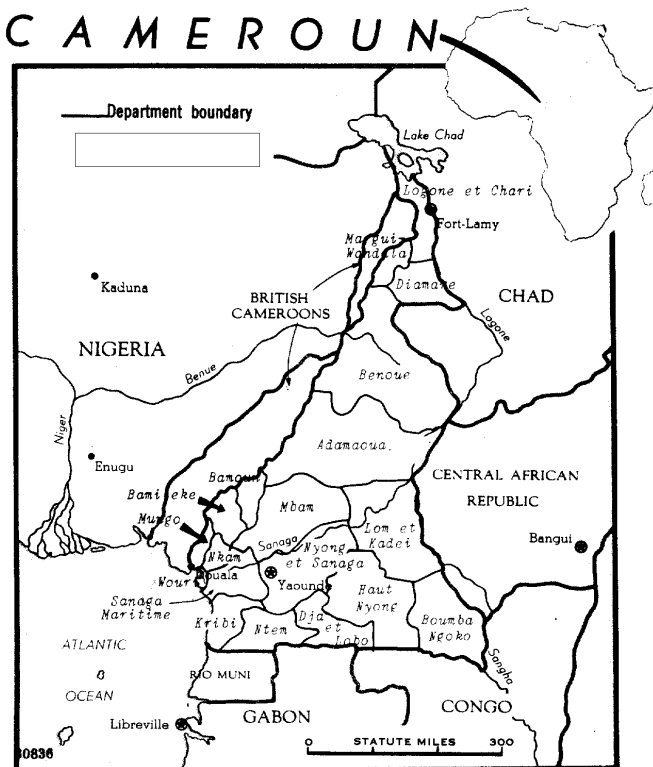
Among the Turkish Cypriots, Fazil Kuchuk was the unopposed candidate of his community for vice president. His proved ability to work closely with Makarios and the mutual respect the men have expressed for each other appear to presage a period of tranquility in intercommunal relations.

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As the UN trust territory of Cameroun moves toward independence on 1 January, the French-sponsored government of Prime Minister Ahidjo is operating under special legislation granting it full powers to establish the new nation's institutions and to rule by decree until they come into being. The government is apparently unable to stamp out terrorist attacks, which are organized largely by the extremist wing of the outlawed nationalist movement, the Union of the Cameroons Population.

constitution for Cameroun which would be submitted to a national referendum. Ahidjo indicated at the time that such a referendum would be held in January, and that the government planned to promulgate by the end of

The full-powers law was enacted--over the vehement protests of opposition deputies--in late October just prior to the Legislative Assembly's apparently final adjournment. It specifically authorized the government to draft--in consultation with a broadly based advisory committee--a



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constitution for Cameroun which would be submitted to a national referendum. Ahidjo indicated at the time that such a referendum would be held in January, and that the government planned to promulgate by the end of December a new electoral law and to adopt a budget for the first six months of 1960. He also promised new legislative elections in late February or early March and the investiture of a new government by early April.

The government's draft constitution now appears to be virtually completed, but its contents have not been divulged. It reportedly combines features of the presidential and parliamentary systems of government and provides for a federal state consisting of four provinces, each with its own local assembly. However, the central government will apparently be a strong one in this federal structure, which is said to have been adopted primarily in the hope of attracting the British Cameroons trust territory when its future is decided by plebiscite sometime between October 1960 and March 1961.

Ahidjo is implementing his decision--also announced in October--to conclude accords with France providing for continued close association after 1 January. General agreement has already been reached on diplomatic, military, financial, and various technical conventions; they

are expected to be signed before the end of the month. While the accords cover only the first six months of Cameroun's independence, both the present contracting parties hope they will be renewed for a longer period. Nevertheless, Ahidjo may delay their publication for some time, since they are likely to be exploited by domestic and foreign critics who have frequently accused the prime minister of being subservient to the French.

Meanwhile, anti-Ahidjo terrorists appear to be creating an increasingly serious security problem in the Bamileke and Mungo departments in western Cameroun, where they have been able to take advantage of economic and social grievances among fellow Bamileke tribesmen. The government's countermeasures in this area have so far not proved effective, and the attacking bands, which are
[redacted] financed in part by Sino-Soviet bloc countries, seem to be growing in size.

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In addition, occasional attacks continue to occur in Yaoundé and Douala, respectively Cameroun's capital and chief port. Recent incidents in these cities involving Moslem north-erners suggest that the terrorists may be attempting to provoke intertribal warfare and thus to aggravate the serious basic antagonisms which divide northern and south-ern Camerounians.
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ALGERIAN REBELS MEET IN TRIPOLI

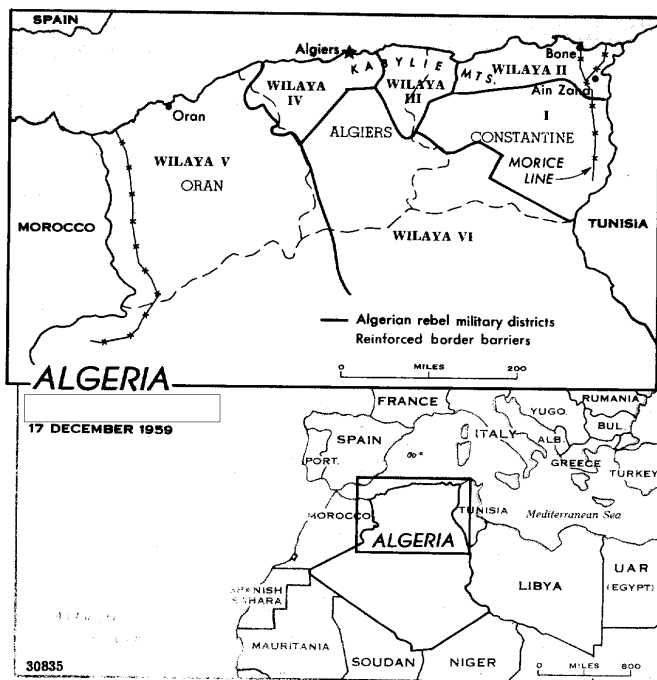
The meeting of the Algerian rebels' Revolutionary Council, which will begin shortly in Tripoli, will probably include a full review of both the military situation in Algeria and future moves rela-

tive to President de Gaulle's self-determination proposals. Rebel spokesmen have indicated that no approach would be made to the French until after the council debates major policies.

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tended to blame provisional government leaders for their recent supply problems, one move by the council may be the ouster of Minister of Armament and Supply Mahmoud Cherif.

The decision to hold the meeting in Libya rather than in Tunis probably stemmed from recent friction between the rebels and Tunisian President Bourguiba, who for several months has sharply curtailed the supply operations of the rebels in Tunisia. Algerian spokesmen have also indicated dissatisfaction with Bourguiba's efforts to press them into negotiations with

The Algerians had hoped for passage by the UN of a resolution calling for talks between the rebels and the French concerning implementation of the De Gaulle program. Failure of the resolution to obtain a two-thirds majority was a setback to the provisional government leaders; they had believed that passage of the resolution would strengthen their hand for an approach to De Gaulle.

Rebel attempts to make a show of force against French border barriers in early December appear to have had little success, and disappointment over the UN vote will probably be compounded by the deterioration in the military situation in Algeria. Since rebel military commanders have

the French. While both sides will probably seek to avoid public recriminations, the holding of the rebel meeting in Tripoli may be designed to demonstrate the Algerians' impatience with Bourguiba's moderate counsel.

French forces in Algeria, meanwhile, have extended their Kabylie offensive toward the Tunisian border. Nearly 12,000 troops are reported operating against Wilaya II, recently characterized by the French as the only "cohesive" military district of the six in Algeria. Some 3,000 rebels are believed to be in this district, although their capabilities are greatly impaired by supply shortages resulting from the Morice Line border barrier.

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CHURCH SCHOOL ISSUE ENDANGERS FRENCH UNITY

Premier Debré's decision to press for an early solution of the issue of state aid to church schools may lead to the resignation of one or two cabinet ministers and further crystallize parliamentary opposition to Debré. The upcoming debate on this volatile question could, by disrupting national harmony, also serve to weaken De Gaulle's bid for international leadership. A large rightist majority in Parliament favors increased support, but anticlerical forces outside the legislature are organizing strong opposition.

Debré had postponed a decision in the summer by appointing a special commission to study the problem. This body--the Lapie Commission--has suggested four alternatives to the church schools: (1) nationalization; (2) complete freedom with no government assistance; (3) state aid with only administrative supervision by the state; and (4) state aid on a contractual basis with state control of instruction as well as administration. In 1958 there were about 7,000,000 students in public primary and secondary schools and 1,700,000 in private schools, mostly church affiliated. There now is no direct subsidy to church schools as such, but all schools receive financial support based on the number of pupils.

The proponents of state aid to church schools in general accept the Lapie report.

The Catholic Church views it favorably, particularly the third alternative--the one, however, the anticlericals most firmly reject. Socialist Minister of Education Bouloche opposes any government assistance to parochial schools without corresponding government control of the curriculum and has apparently succeeded in achieving a provisional compromise in the cabinet for support of this view. The Popular Republicans and the Independents have received the compromise coolly.

Parliamentary hostility engendered by Debré's high-handed actions in the budget debate will encourage some of his coalition to give him a difficult time on the church school issue. Extraparliamentary demonstrations and strikes, however, are the greatest danger. Forces opposing state aid to church schools are strong throughout the country, and the militantly anticlerical teachers' union has been working to generate country-wide pressures on Parliament and has even suggested a national referendum.

The French Communist party has seized on the issue as an opportunity to whip up sentiment for unity of action with the non-Communist left and center and has called for a "mobilization" of opposition forces. Common action by the Communists, Socialists, and Radicals may result.

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COMMUNIST ACTIVITY IN WEST GERMANY

In the face of increasing activity by the illegal Communist party (KPD), West German authorities on 11 December staged a large-scale raid, arrested

rested numerous Communists, and confiscated propaganda materials, printing presses, and motor vehicles. The crack-down was the most extensive

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action taken against the party since it was outlawed in 1956. The Communists have recently been organizing numerous front organizations and had reached the point where they were distributing some 10,000,000 pieces of propaganda material a month.

Bonn has also been concerned over plans for the establishment of a new German-Soviet society to replace the former German-Soviet Friendship Society banned in 1956. The new organization is reportedly being formed by a number of well-known public figures, including prominent agricultural leader Andreas Hermes, most of whom are noted for their neutralist inclinations. The founders of the group include three former ambassadors, two Bundestag members, a prominent publisher, and several influential businessmen.

The Soviet Embassy in Bonn, apparently wishing to take advantage of the detente spirit, has been instrumental in organizing the new society but will

apparently remain aloof until it can assess the public attitude. The political orientation of the group is suggested by a memorandum prepared by its contact with the Soviet Embassy stressing the "traditional spiritual, cultural, and from time to time political" relations between Germans and Russians.

The group's effort will be directed especially toward extreme nationalist right-wing elements in West Germany who are sometimes referred to as "National Bolsheviks." The government is seeking ways of discrediting the society, and reportedly has been assured of cooperation by Hamburg Die Welt publisher Axel Springer.

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NEUTRALIST TREND IN BRAZILIAN FOREIGN POLICY

Under a new policy directive from the presidential office, Brazil will treat all nations--including the United States and the USSR--with the "same official attitude, following the policy of other neutralist nations."

While there is no confirmation of this specific order to modify Brazil's long-standing support of the United States, there are growing and varied pressures for such a move.

An important motive behind these pressures is disappointment over Washington's present policies, which Brazilian officials believe have failed in both political and economic matters to reciprocate Rio de Janeiro's "traditionally favored treatment of the United States." Cited among a number of complaints are United States aid

to African coffee production and inadequate consultation on important international political matters.

Brazil's major complaint, however, is that the United States does not "understand" the country's need for financial assistance and that US conditions for such assistance are too onerous and would add to the existing economic unrest. Emphasizing this point in mid-1959, President Kubitschek suspended talks with the International Monetary Fund, although such negotiations were a prerequisite to further US loans.

Factors apart from relations with the United States--which top officials do not wish further to impair--also influence spokesmen for a more independent policy. Some officials, impressed with the rate of economic growth

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in the USSR, see it as a potentially valuable market and believe the thaw in relations between the US and the USSR is conducive to increases in trade with the Sino-Soviet bloc. They view such interchange as likely to help alleviate economic difficulties as well as advance Brazil's importance in world affairs.

Economic reasons mainly motivated Brazil's trade mission to Moscow. The trade and payments agreement signed on 9 December calls for \$107,000,000 worth of trade each way during the period 1960-1962, beginning with \$25,000,000 each way in 1960. The projected exchange is small relative to Brazil's

1958 exports of \$1.2 billion and imports of \$1.4 billion, but Rio de Janeiro regards it as an advantageous addition to total trade and an opportunity to dispose of about 2 percent of the country's accumulated coffee surplus the first year. The USSR agreed not to re-export coffee, although it is taking about three times its current consumption.

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PARAGUAY REPRESSES REBEL ATTACKS

The Stroessner regime swiftly crushed the attacks by exiles in several border areas of southern Paraguay on 12 December, but repercussions from the attacks place new strains on the stability of the government. Isolated clashes continue. The attacks were led by the small 14th of May Movement, composed mainly of leftist elements, some of whom belong to other parties.

Moderate leaders of the major opposition Liberal party and the smaller antigovernment Febrerista party opposed plans for the attacks, which were first proposed several months ago. They told Arnaldo Valdovinos--who organized the movement only last June after Stroessner reimposed the state of siege--that such attacks would spoil plans for a larger movement. Party policy has rejected violence for the past year.

Valdovinos, however, proceeded with his plans, hoping to attract popular support within Paraguay.

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Valdovinos succeeded in exacerbating political conditions within Paraguay and straining Paraguay's relations with Argentina, where the rebels were mainly based. He also furnished extensive press copy to whip up foreign sympathy and possibly support for the rebels. A correspondent of the Cuban-sponsored press agency, Prensa Latina, has been traveling with rebel exile groups and sending in exaggerated accounts of their successes.

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Stroessner has reinstated security measures, harassing opposition groups which were not involved in the plotting. This will not only increase anti-government sentiment and pos-

sibly support for a revolution, but also will probably result in a postponement of the congressional elections, which Stroessner had scheduled for February 1960 in line with his effort over the past year to liberalize political conditions. This also handicaps Stroessner's reconciliation with the dissident Colorados he alienated last May by dissolving congress.

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Communists have been active among the exiles and reportedly have some influence in the 14th of May movement. At the same time, a Communist instruction of 12 December reportedly forecast "more important work" ahead.

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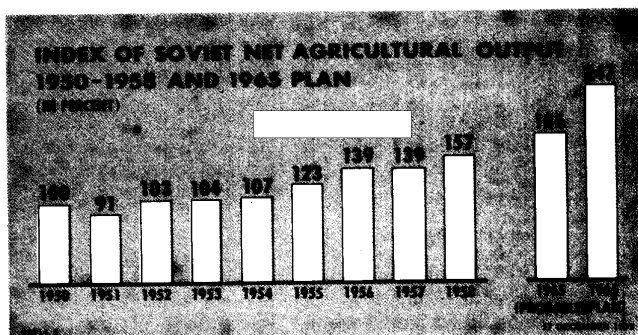
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****17 December 1959****PART III****PATTERNS AND PERSPECTIVES****SOVIET CENTRAL COMMITTEE MEETING TO TACKLE AGRICULTURAL PROBLEMS**

Important agricultural measures and policies may emerge from the party central committee plenum on agriculture which is to convene on 22 December. Khrushchev's incentive and organizational measures--such as the new lands program, the corn program, and the abolition of the machine tractor stations (MTS)--and exceptionally good weather in 1958 resulted in an over-all increase of about 50 percent in agricultural production between 1953 and 1958. These programs, however, have inherent limitations which will restrict their effectiveness in promoting further growth.

The new lands now have been under cultivation for several years, and the natural fertility of the soil is being steadily depleted. Moreover, additional suitable land is not available for future mammoth drives to expand acreage. Corn acreage, which was to have increased to 70,000,000 acres by 1960, has fluctuated between 45,000,000 and 60,000,000 acres during the past four years. In spite of Khrushchev's high hopes for corn cultivation, benefits to be gained from a further acreage expansion are limited by the quality of the soil and the climate. Without far-reaching measures, gross agricultural output would probably increase only one third of the targeted 70 percent by 1965.

The mediocre harvest this year, the first of the Seven-Year Plan, has probably in-

creased the pressures on Soviet leaders, particularly Khrushchev, for action. Furthermore, no major new steps have been taken in Soviet agriculture since the changes begun in 1958--abolition of the MTSs and introduction of a new simplified price system for agricultural produce. Presidium member and party secretary Nikolay Ignatov, who in the past has had high-level responsibility for agricultural policy, has given up his post as titular president of the Russian Republic in order "to concentrate on his main job in the central committee."



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Plenum Agenda

The agenda of the plenum is broad, including: a review of measures taken to fulfill the decisions on agriculture at the December 1958 plenum and the 21st party congress; crop production; development of communal stockbreeding; further mechanization of agriculture; strengthening of the economy of collective farms; and an increase in the material welfare of collective farmers. Within this framework Khrushchev will probably outline specific measures for improving agricultural organization, labor productivity, and farm technology.

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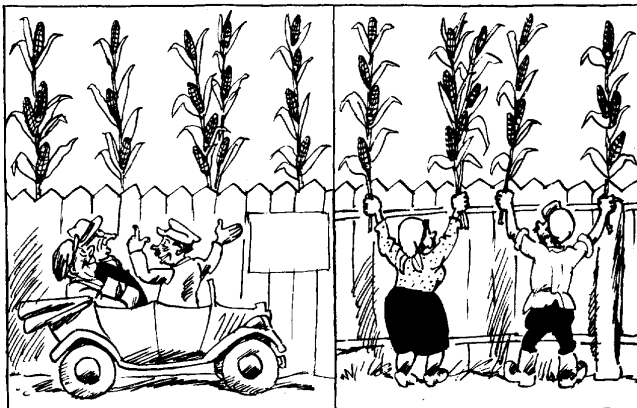
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The Collective Farm

The plenum is likely to set the stage for convening the Third All-Union Collective Farmers' Congress--the first since 1935--which is expected to serve as a forum for announcements bearing on, among other things, the future position of the collective farm--or kolkhoz--in Soviet agriculture. With the gradual erosion of the differences between collective and state farms, the ideological advantage of the latter has gradually diminished in the eyes of the Communists. Khrushchev in 1958 justified the MTS reform and the consequent strengthening of the collective farms by his pronouncements that both types would eventually merge into a single form of public property and that at the present stage both were correct.

The extent to which the position of the collective farm system has improved was indicated recently by Soviet journalist Ivan Vennichenko, who had foretold the MTS reform. He wrote that state farms are proving less flexible than collective farms and might sensibly be amalgamated with the latter.

One principal reason for the strengthened position of the collective farm, besides its recent acquisition of machinery as its own property, is the growth of intercollective-farm organizations. The number of these enterprises, principally construction units but also embracing units dealing with electrification, cattle breeding, irrigation, and light manufacturing, has increased rapidly in the past two years.



Krokodil looks at the problem of corn cultivation.

These enterprises perform functions which for the most part are beyond the scope of individual collectives.

The Ministry of Agriculture has been under varying degrees of criticism for several years. Khrushchev said last May that the ministry "had failed in many ways to meet present-day needs." It has been suggested that unions of collective farms replace the Ministry of Agriculture in administering collective farms and become the main organizational link in agriculture, possibly up through the republic level. The suggested functions of the unions would include helping collective farms organize and administer intercollective enterprises, creating an intercollective fund which would assist backward farms, and taking further action aimed at a more rational distribution of farm income.

Administrative Problems

The plenum will almost certainly deal with more prosaic aspects of administration, which have received much publicity in recent months. Personnel deficiencies have been cited as a fundamental cause of lagging farm production. Some suggested solutions have been to

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establish correspondence schools for farm leaders, to make the pay of scientific workers in agriculture dependent on practical results, and to convene farm seminars, where experiences in applying better agricultural techniques might be studied.

The transfer of capable chairmen and farm specialists from the more efficient collective farms to less productive ones also is being encouraged. A drive is under way to give farm specialists added prestige and authority by requiring that deputy farm chairmanships be awarded to technicians with advanced education.

With a view to improving the productivity of the collective farms, the further implementation of the monthly cash-wage payment system has been urged as a replacement for the workday calculation of earnings now used by most such farms. Moscow views the cash-wage payments as a means whereby farm workers may gradually be brought to the status of industrial workers. Moreover, by eliminating payments in kind, the regime reduces the independent marketing activities of the farm worker and gains better control over his income.

The widespread adoption of cash-wage payments would facilitate the introduction of economic accountability on collective farms generally. Heretofore, under the old workday system, the cost of agricultural labor was not known until calculated at the end of the year. With a more accurate means of determining labor costs, collective-farm chairmen will be able to use labor and other resources more economically. Should incentives, such as making the chairman's salary dependent on the farm's profit, be provided, still higher levels of labor productivity might be stimulated.

Privately Owned Livestock

Measures beyond those already adopted to curtail the private sector may also come up for consideration. State farm workers, according to Khrushchev at the December 1958 plenum, should within two or three years sell their livestock to the state farms. At the June 1959 plenum he advocated a law prohibiting private ownership of livestock by workers and employees living in urban areas; laws to this effect were passed in a number of Soviet republics. Some degree of economic pressure now may be contemplated to induce collective farmers to sell their privately owned livestock, although the press has on occasion warned of "incorrect purchases of cattle" from private owners without sufficient thought of economic repercussions.

Repair-Technical Stations

The repair-technical stations, criticized extensively in the Soviet press, probably will be another topic for consideration. These stations, which are the remnants of the disbanded MTSS, perform both repair and supply functions for the collective farms. According to the press, however, the repair function has not been performed satisfactorily, and it has been suggested that both this and the supply function be transferred from the stations to the collective farms themselves, or possibly that they become an undertaking of inter-collective-farm enterprises.

Other Possible Plenum Topics

Interest in regional specialization--the adaptation of agriculture to soil, climate, and market requirements--has been growing in the USSR. In June it was announced that a study in progress for three years has resulted in recommendations designed to provide

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the most effective distribution and specialization of agricultural production, more rational land-use patterns, and improvements in feed supplies.

In December 1958, Khrushchev urged that some farms near major urban centers be converted to truck farms in order to supply vegetables to the city markets. The purpose of this scheme was to reduce costs, discourage private subsidiary farming, and ease transportation problems. By October it was reported that 39 such specialized farms were operating in Moscow Oblast alone. Similar suggestions have been made for specialized animal husbandry enterprises to be located near meat-packing plants and urban markets.

Agricultural financing will be in the background of all discussions at the plenum. More money has been allocated to agriculture under the Seven-Year Plan than during the preceding seven years--a period which saw the new lands program put through, the corn program launched, and higher prices paid collective farmers for their products. The share of agricultural investment to total investment, however, has remained about the same as it was in the previous seven-year period. It seems unlikely that this share will be increased, unless heretofore neglected programs for a significant increase in fertilizer output are implemented such as would be required to cultivate more intensively the lands of adequate rainfall in the west.

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POLITICAL TRENDS IN MOROCCO

Political agitation and discord are mounting again in Morocco as the Ibrahim cabinet--composed mainly of technicians installed as a stopgap measure a year ago--prepares to hold the long-delayed local elections. The first balloting ever conducted in Morocco now is slated for next spring. Friction between leftist and rightist political groups, dramatized last January by the split in the dominant nationalist party, Istiqlal, seems likely to erupt into violence as the factions jockey for advantage.

King Mohamed V, who as spiritual as well as temporal leader of all Moroccans is the one unifying force within the country, is beginning to be criticized on all sides for his indecisiveness. Although personally a moderate and inclined toward Western ideals, the policies he enunciates are those of the ultranationalists. He

seems incapable either of providing the decisive leadership Morocco needs or of creating a potentially stable government.

Three major and several minor political groupings now exist. Last January the Istiqlal party, the agglomeration which led the fight for independence and thereafter attempted to create a one-party state, split into antagonistic right and left groups. A third force meanwhile has developed in reaction to the authoritarian manner in which Istiqlal officials had attempted to rule in the country.

The Istiqlal Right Wing

The traditional rightist core of Istiqlal, led by the party's demagogue and founder Allal el-Fassi, has become a carping, negative force. Until Istiqlal "voluntarily" suspended its French- and Arabic-language newspapers early this

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fall in protest against government press regulations, it found its greatest expression in sterile attacks on the government, the French, and the left. The lack of a dynamic, forward-looking program--a major factor in the break from the party by a large portion of its younger elements--is the party's greatest weakness. Party leaders seem content to grope for a panacea or to goad the King into suppressing the leftists.

Istiqlal retains its organizational structure and apparently a considerable following--especially among the Moroccan bourgeoisie--in certain cities, such as Fez. Its greatest asset is a group of capable, relatively young leaders who are, however, still overshadowed by El-Fassi. They suffered a further political eclipse by their loss of administrative authority when the party refused to collaborate with the Ibrahim government.

The Istiqlal congress, if held as scheduled early in January, should provide the young Istiqlal leaders with an opportunity for a political comeback. Having succeeded in persuading the King to revoke the curbs on the press, Istiqlal probably will attempt to solidify its strength preparatory to its congress and the elections. There are indications that the party will concentrate on

domestic issues and soft-pedal El-Fassi's pet expansionist demands. Istiqlal probably will remain loyal to the King despite El-Fassi's predilection for a Moroccan republic.

The Left

The most significant Moroccan political development since the split in Istiqlal a year ago has been the formation in September of the National Union of Popular Forces (UNFP). The core of this basically authoritarian organization, which claims not to be a political party but a patriotic movement, is the Istiqlal former left wing. It has, however, the active participation of the Moroccan Labor Union, the best-organized and wealthiest organization in Morocco. The UNFP has attracted enough dissidents from other groups, particularly the small pro-republic Democratic Party of Independence, to give it an appearance of widespread support, although its operations are based primarily in the commercial and labor center of Casablanca and in the capital city, Rabat.

Created at a gathering hastily convoked to take advantage of the spotlight focused on Casablanca by the Arab League meeting early in September, the UNFP announced its goals to be "bread, work,



BEN BARKA



EL-FASSI



BEN SEDDIK

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and technical development." Its so-called "collective" leadership includes Mehdi ben Barka, president of the defunct National Consultative Assembly and a youth and student leader who is reported to have obtained financial and other support from both the United Arab Republic and Communist China. Its directing body also includes labor leader Mahjoub ben Seddik and former resistance leader Mohamed al-Basri--enigmatic chieftain of an important faction of armed Moroccan irregulars who directs the UNFP's Arabic-language daily newspaper Al Tahrir.

The UNFP attracts the greatest number of young intellectuals and numbers among its leaders many of the most dynamic, intelligent, and ambitious political figures, who are socialist theorists. These leaders want a controlled economy for the forced development and industrialization of the country; they consider Communist China an appropriate model for Morocco to emulate. Ben Barka recently headed a UNFP delegation to Communist China.

The movement has, for the record, paid obeisance to the King, who, because the UNFP has severely criticized the army and police, undoubtedly suspects that the UNFP's

objective is the eventual establishment of a republic. It is beginning to criticize the government even though both Premier Abdullah Ibrahim and Vice Premier Abderrahim Bouabid draw support from it.



IBRAHIM

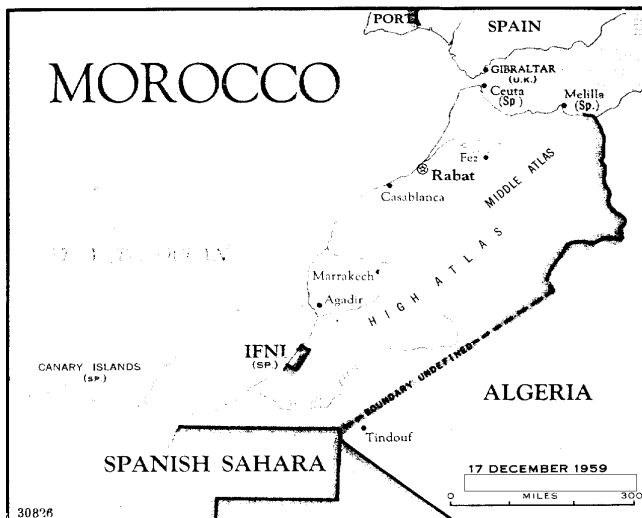
The UNFP's collegial leadership and heterogeneous organization are its greatest weaknesses. Moreover, it lacks a large following in rural areas and places substantial emphasis on catchy slogans and borrowed dogma. It will probably make a good showing when elections are held, however.

The Popular Movement

Created in the fall of 1957--possibly with the connivance of the King--in opposition to the increasingly unpopular Istiqlal party, the Popular Movement may make an impressive showing in the forthcoming elections. It is based on religious traditionalism, and most of its following is drawn from illiterate Berber tribesmen in eastern Morocco and from coastal cities.

The Popular Movement apparently has little organization, depending on the

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personality and reputation of its two principal leaders, the liberation fighters Mahjoubi Ahardane and Dr. Abdelkrim Khatib. It has weak financial backing and little in the way of a clearly discernible program-- Dr. Khatib considers Swedish socialism a model for Morocco.

The Communist Party

Presumably well organized but with little general appeal, the Moroccan Communist party gained considerable prestige in mid-October when the government lost its legal suit to disband it. The government has appealed the court's decision. Without legal status since it was outlawed in 1952 under French rule, the party has aligned itself closely with standard nationalist aims in Morocco and has declared itself loyal to the King. The Communist party works under the disadvantage of not being able to assume the mantle of sole spokesman of the masses.

The Army and Police

Approximately equal in size, the army and police are financially the best treated elements of the Moroccan population. They receive their direction not from the civil government but from the palace itself--the army through the crown prince, who is its chief of staff, and the police through Director General Mohamed Laghzaoui. Both the prince and Laghzaoui appear to have remained outside of and beyond the reach of political parties, and both are believed completely loyal to the King.

The army has recently shown a growing interest in politics, but this interest has taken the direction more of displacing the leftists in the government than supporting any political party or individual. Despite occasional unconfirmed rumors of discontent among junior officers within the army, both the army and the police appear for the foreseeable future to be entirely at the disposition of the King.

The Monarchy

King Mohamed V has remained the focal political point for the entire country since his return from exile four years ago. No political party or group is strong enough to do without him or to depose him. The King's uncertain health has hindered him from supplying the positive leadership needed in Morocco. 25X6



MOHAMED V

Policy Trends

Under pressure from extreme nationalist factions, Morocco has adopted a policy of "economic liberation" from foreign control, evacuation of all foreign troops--including the five American air bases--and territorial aggrandizement. These policies have all been publicly endorsed by the King. The government is moving toward a state-controlled economy via the establishment of cooperative ventures in agriculture and industry.

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Transfers of capital, after extensive capital flights following independence in 1956, now are strictly controlled, and the government is studying means of inducing Moroccans to invest in productive enterprises. It is also resorting to censorship and control over individual liberties.

Morocco has adopted a foreign policy of nonalignment or nondependence. Nevertheless, the country maintains close ties with France and is attempting to expand its relations with other Western European countries directly and through affiliation with the Organization for European Economic Cooperation. At the same time, Morocco has developed particularly close ties with the Arab states and pays lip service to the ideal of a Maghreb Federation of independent North African states. Moroccans are resentful of Tunisian President Bourguiba's aspirations to be the spokesman of

the Maghreb and have supported the Algerian rebels' struggle for independence. The government, however, has not given the rebels its full support.

Morocco has sought to diversify its contacts further by exchanging ambassadors with the Soviet Union and by permitting the establishment of Chinese Communist, Czechoslovak, Polish, and Hungarian embassies in Rabat. Most Moroccan officials have an intense interest in Chinese Communist developments, and many, like Ben Barka, desire to pattern Morocco's economic and social development on the Chinese model. Morocco has also been expanding its trade with the Sino-Soviet bloc, finding in that area a developing market for such normally hard-to-market exports as citrus fruit and canned sardines. Nevertheless, trade with the bloc amounts to less than 10 percent of Morocco's total trade.

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BOLIVIA'S PRESIDENTIAL CAMPAIGN

The next president of Bolivia is likely to be Victor Paz Estenssoro, head of the only major political party, the Nationalist Revolutionary Movement (MNR), and previously President from 1952 to 1956. His past record suggests his new term of office may see a renewal of unorthodox economic policies and serious inflation. While friendly to the United

States in recent years, Paz is apt to be more independent in his attitude than incumbent President Siles. Nomination of Paz at the convention of the MNR next January will be tantamount to election, since the MNR has polled 80 percent of the vote in the last two elections.

Paz recently defeated the party's right-wing leader,

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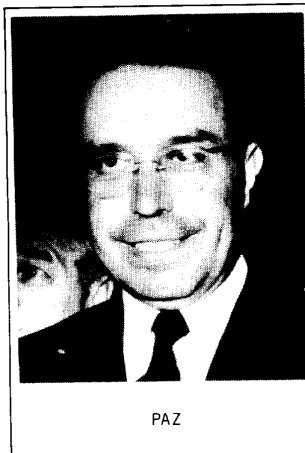
Walter Guevara, in a test of strength and appears to have the firm support of left-wing leader Juan Lechin and President Siles. The founders of the MNR--Siles, Paz, and Guevara--together with Lechin have dominated the country's politics since the revolution in 1952. They are expected to play major roles at the MNR convention and under the new administration which takes office in August 1960.

Most MNR leaders were non-commissioned and low-ranking officers in Bolivia's disastrous war with Paraguay (1932-34). They developed a disgust for the upper-class officer corps and acquired a lasting sympathy for the Indian enlisted men. The nationalism and social reform which the group advocated had a pro-Nazi cast during World War II, in part because of a nationalist desire to emphasize Bolivia's independence from the United States. Following the Nazi defeat, Paz re-oriented the party, drew away from the army, and built up labor support. At the time of the 1952 revolution, the party's international orientation was equivocal, and only Franco's Spain and Arbenz' Guatemala accorded early recognition.

Victor Paz

Victor Paz Estenssoro, 52, who comes from a landholding family in the remote provincial capital of Tarija, has been chief of the MNR since its founding in 1941. Paz' presidency was marked by sweeping reforms--extension of suffrage to the illiterate Indian masses, nationalization of the tin mines, and a radical agrarian reform decree. Paz wanted to increase Bolivia's economic independence through diversification, and his greatest achievement was development of petroleum resources through a government oil company, which had changed Bolivia's position from net importer to net exporter of oil.

Paz' economic policies caused an increasingly rapid rise in the cost of living, and by 1956 Bolivia's inflation was described as the world's worst. Apparently reluctant to complicate the revolution by too close an adherence to democratic processes, he never convoked congress, but ruled by executive decree. While Paz is likely to permit congressional sessions during the next four years, he will probably not hesitate to invoke state-of-siege powers. On leaving office, he served as ambassador in London, returning to Bolivia in July 1959 apparently to secure the presidential nomination.



PAZ

Hernan Siles

Hernan Siles Zuazo, 45, has been President since 1956, and, since 1954, deputy leader of the MNR and leader of the Veterans of the Chaco War. The illegitimate son--not recognized until he was 18--of former President Hernando Siles Reyes (1926-1930), he is the first president since his father to secure the office through orderly elections and a peaceful inauguration.

Siles has characterized himself as a Mahatma Gandhi. He accepted the presidency though he apparently believed it meant martyrdom, since many

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of his predecessors were assassinated or lynched before completion of their terms. As president, he staged a successful personal hunger strike to end a miners' and railroad workers' walkout against the US-backed economic stabilization program. Rather than reverse his rule against ordering "Bolivians to fire on Bolivians," he has risked his life to appeal personally to rioting mobs. In March 1959, however, he did order troops to fire in order to defend the US Embassy against riots sparked by a Time magazine article.

The key political achievement of the Siles regime has been a return to quasi-constitutional government--the MNR-inspired constitution is not completed--and a considerable increase in respect for law concerning persons and property.

Standards of financial honesty among top government officials have been strengthened, regular congressional sessions have been held, and import licenses are no longer granted solely on the basis of one's standing within the MNR.

At the end of his term, Siles may retire from active politics--at least for a time--and accept an ambassadorship in Europe, exerting his influence on the MNR convention for party unity and economic stability.



GUEVARA



SILES

Walter Guevara

Foreign Minister Walter Guevara Arze, 47, is leader of the MNR's "right" wing. He was a successful student leader and later studied sociology at the University of Chicago.

Guevara was previously foreign minister under Paz. Guevara now is generally friendly to the United States. In 1944, however, he reflected the MNR's chaotic international orientation by describing himself as a Marxist and a Soviet sympathizer and declaring the need to cooperate with Nazism in order to be free of "Anglo-American imperialism." At the same time he saw the need for a complete understanding with the United States.

Guevara as an MNR "rightist" is contending for leadership against MNR leftists led by Juan Lechin, leader of organized labor. At the party convention in 1956, Guevara insisted the party was open to members of all classes of society. Lechin emphasized class distinctions, asserting that the MNR represents only workers, peasants, and the "impoverished middle class." Lechin maintained that the MNR has no place for the progressive middle class, in which he placed Guevara. The convention censured Guevara for accusing Lechin of having indirectly betrayed the miners. Guevara was

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given an honorable exile as ambassador to Paris. He returned in late 1958 when Siles named him minister of interior, which includes control of the police.

Guevara hoped to use the ministry to become a serious contender for the presidential nomination. Siles, who now dislikes front-running Paz Estenssoro, was inclined to support Guevara until it appeared that a showdown threatened civil war. Siles then switched his adherence to Paz and virtually assured Paz' nomination and consequent election next June. Gue-



LECHIN

vara was moved to the Foreign Ministry.

In a recent publicized statement, Guevara said that he would not run for vice president, as Siles suggests, but is still interested in the presidential candidacy. Without Siles' support, Guevara's position now may be too weak, however, to command the vice presidency. In any case, the rightists whom Guevara leads will struggle to gain as many congressional nominations as possible on the MNR slate. Paz, who has recently associated himself with the left wing, may, however, choose a "rightist" as his running mate in order to reassure US observers.

Juan Lechin

Juan Lechin Oquendo, 47, has been Bolivia's most important labor leader for the past 15 years. He is a member of Bolivia's Arab community. His revolutionary career began in 1928 as a student in Venezuela in riotings against dictatorship there. Lechin was a key figure in the 1952 revolution, for which he had organized a civilian militia, and was influential with labor groups.

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The backbone of Lechin's labor support has always been the workers in the tin mines, the key economic enterprise, in which he worked briefly. His prestige among the miners was acquired largely as a soccer hero on the company team and by his reputation, unique among labor leaders, as unbribable by the companies. He expanded his contacts with the miners as an independent textile merchant supplying the company stores. Lechin is a nationalist with little interest in the world outside Bolivia, and his international orientation was for many years controversial. Lechin was associated with a pro-Nazi group during World War II, apparently because of his Arab ties. Shortly after the war he associated with Trotskyite labor leaders, from who he picked up considerable Marxist terminology.

Lechin apparently wants the vice-presidential nomination, although in the past he has avoided specific government positions. Animosity between Lechin and middle-class elements in the party may prevent him from gaining this objective, but he is likely to exert important influence on the convention and to secure the nominations of a number of pro-Lechin men for congress.

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THE SINO-INDIAN FRONTIER

The current border dispute between China and India is the outgrowth of a long period of growing tension along China's 2,400-mile frontier from Afghanistan to Burma. Only one small section--the 110-mile Sikkim-Tibet border--has been demarcated. For the remainder, the basis for the alignment is "historical tradition" in the west and the McMahon line in the east.

The dispute is over an area of generally uninhabited high mountains and desolate plateaus. Access to the frontier is difficult, particularly from the low plains of the Indian subcontinent; long, difficult ascents must be made to the frontier, where the passes are at elevations of more than 13,000 feet. In contrast, the Chinese side of the frontier is backed by plateaus and mountains generally 14,000 to 16,000 feet high, and access to the border is less arduous.

Minor border disputes have punctuated the history of sections of the frontier, but conflicting territorial claims heretofore have been important only locally. Following the occupation of Sinkiang and Tibet in 1950-51, Peiping established military garrisons near the frontier, built roads, and began surveillance of traders and pilgrims entering Tibet.

India reacted by establishing a limited network of frontier posts and beginning the construction of roads into the mountainous frontier lands. Traditional trade relationships became more formalized as China signed agreements first with India (1954) and later with Nepal (1956) by which traders and pilgrims were required to enter western Tibet only by

certain designated routes and to trade at specified Tibetan markets.

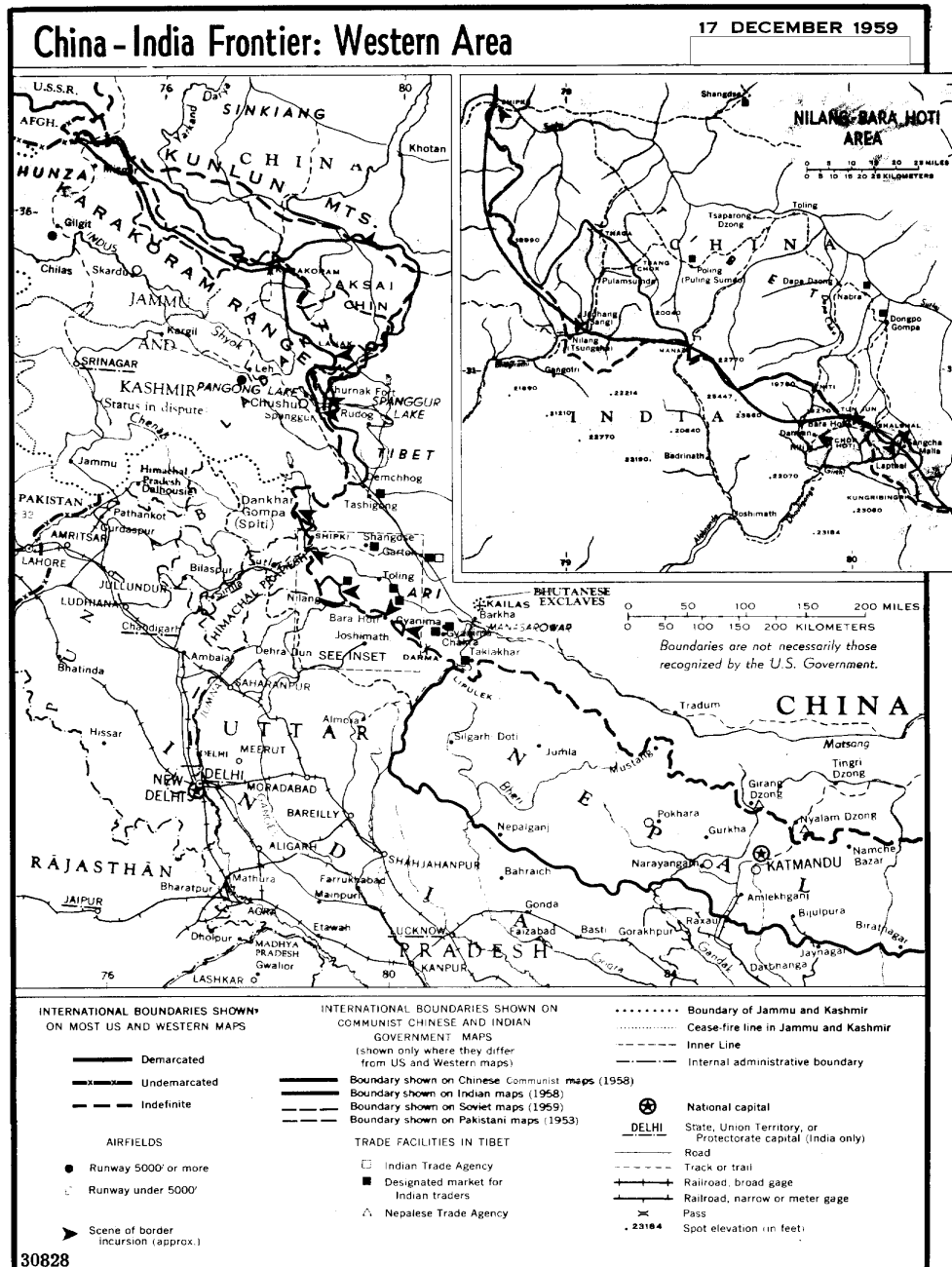
This activity by both sides, accompanied by armed patrols along many sections of the frontier following the March 1959 Tibetan revolt, eventually culminated in armed clashes along the McMahon line. In early September, New Delhi published the texts of Sino-Indian notes on the border and related issues since 1954, thereby focusing attention on the undefined nature of the frontier, the conflicting cartographic representations of the border, and the various sectors and areas in dispute.

Kashmir-Sinkiang-Tibet Sector

The China-Kashmir frontier in the northwest is an extensive northwest-southeast-aligned region extending from Afghanistan to Tibet, a distance of some 300 miles, with the massive Kunlun and Karakoram Ranges on the north and south respectively. Between these great mountain barriers lies a belt varying in width from about 50 miles in the west to about 150 miles at the Tibetan border. There are no permanent settlements, and only in a few valleys is forage sufficient to attract nomads.

Both Chinese Nationalist and Communist maps show a border generally following the crest of the Karakoram Mountains. On the latest official Indian and Pakistani maps, the border from Afghanistan to the Karakoram Pass agrees in general with the Chinese version. Farther east the boundary alignments differ markedly, with Indian maps showing a boundary following, in part, the crest of the Kunluns to about 80°20'E;

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from where the line passes southwestward across the Aksai Chin area and joins the Chinese version of the border near the Indus River.

For the location of the border segment east of the Karakoram Pass, Indian offi-

cials apparently have advanced the watershed principle as the chief criterion. The Aksai Chin area, however, consists of a series of interior-drainage basins with circular watersheds, which are nearly meaningless for boundary marking. Soviet maps and the 1953 Survey

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of Pakistan Political Map show a boundary between the Chinese and Indian versions but somewhat closer to the Chinese.

Aksai Chin Area

The dispute over the desolate Aksai Chin area involves about 10,000 square miles of uninhabited plateau generally above 16,000 feet. Fuel, fodder, and drinking water are difficult to find. In 1958 an Indian patrol sent to investigate the road built by the Chinese the previous year between Sinkiang and Tibet was detained, and in July 1959 another Indian patrol was held. In October patrol clashes occurred to the south, with a number of casualties.

The Indians maintain that the 1842 treaty between Kashmir and Tibet, following Kashmiri annexation of Ladakh, established the fact that the border in this area was "well known," the treaty stating in part that "the boundaries of Ladakh and its surroundings (have been) fixed from ancient time." Since a Tibetan with Chinese rank signed the treaty and the Emperor of China was nominally included as one of the negotiating parties, the Indians argue that China has accepted the "old, established frontier."

Chinese Communist Premier Chou En-lai has denied that China was a party to the 1842 treaty. He agrees that there is a "customary line derived from historical tradition" separating Ladakh from China, but he insists that the border shown on Chinese maps--past and present--correctly reflects this tradition. The lack of population and administration in the Aksai Chin tentatively suggests that the 1842 treaty may not have been intended to apply to this area but only to the remaining sec-

tion of Ladakh's border with Tibet.

Although Indian Prime Minister Nehru has maintained New Delhi's claim to the Aksai Chin area, his remarks to Parliament indicate that it is in a category different from other disputed areas. On 12 September, Nehru stated, "It is a matter for argument as to what part of it belongs to us and what part of it belongs to somebody else.... This particular area stands by itself. It has been in challenge all the time."

Pangong - Spanggur Lake Area

Several Ladakh-Tibet border areas just south of Aksai Chin also are disputed, the major problems being the interpretation of the "customary line" cited in the 1842 treaty and the determination of major watersheds.

About 750 square miles are in dispute in the Pangong - Spanggur Lake area, which probably is inhabited only seasonally by nomads with their flocks. North of Pangong Lake, Chinese maps--and most other maps except those of Indian and Pakistani origin--show a boundary generally following the watershed between the upper Shyok tributaries and the interior drainage basins of the Tibetan plateau; Indian maps show a border some 10 to 15 miles to the east. At the ancient ruins of Khurnak Fort and at Spanggur Camping Grounds at the western end of the lake, border incidents have occurred recently. Chinese troops west of Spanggur reportedly are but eight miles from an Indian landing strip at Chushul.

Considering only physical geography, the Chinese version of the border north of Pangong Lake and in the immediate vicinity of Spanggur Lake would appear logical. A 1924 British-

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Tibetan conference over disputed pasture areas did not, however, challenge Indian jurisdiction over Khurnak Fort, thus supporting the Indian version of the boundary at Pangong Lake.

Demchhog Area

In southeastern Ladakh, Indian and Chinese maps vary in showing where the border crosses the Indus, with Indian maps placing the border about 20 miles farther upstream than the Chinese and most other maps. A Swedish explorer's notes (1908) indicate a Ladakh-Tibet boundary near Demchhog, roughly in line with the Indian claims. Thus far no clashes have been reported in this area, but the divergence noted on the maps suggests that the Demchhog area is a likely trouble spot --particularly since the caravan trail following the Indus Valley is one of the routes of entry specified in the 1954 Sino-Indian Trade Convention.

Southwestern Tibet-India Sector

From Ladakh to Nepal, the India-Tibet border follows generally the water-parting range between the two countries. The border disputes here have had their origin in ancient Tibetan claims and in uncertainty as to which passes are on the water divide. India cites as support for its claims--based on tradition and the water-divide criterion--the acceptance by China of the six passes specified in the 1954 Sino-Indian Trade Agreement as the only ones to be used by Indian traders and pilgrims; this leaves in doubt, however, the border alignment in other parts of the frontier.

The Chinese claim that the delimitation of the border is subject to negotiation, since frontier disputes have occurred in the past and the

border has never been formally demarcated. Although Chinese and Indian maps differ significantly only in the Nilang area, Chinese incursions and recent disputes have occurred in several other places--notably at Shipki Pass, Lapthal, and in the Spiti area.

The immediate frontier area is inhabited only during summer and fall, when alpine pastures can be grazed, the high passes are open, and the Bhotias, Tibetan-related groups on the Indian side of the mountains, cross on trading missions to and from Tibet. Traditionally, Tibetan officials levied taxes on Bhotia traders and the Bhotias on Tibetans who ventured south of the passes--a practice continued even during the period of British administration.

Nilang Area

The largest area in dispute in this sector is north of Nilang, a small, semipermanently inhabited village about 20 miles south of the water-divide passes. Indian maps mark the border along the passes on the line of water parting, whereas Chinese maps show a line running northwest to southeast just north of Nilang village. The uncertain status of the area is reflected on older maps of India produced by the British and the recent 1957 London Times Atlas, and on US-produced maps; these show a border approximately in agreement with Chinese maps. The Indians maintain that a meeting between British and Tibetan officials in 1926 produced considerable evidence of past Indian ownership of this area.

Bara Hoti Area

The Bara Hoti area, called Wu-je by the Chinese, is a small upland pasture a few miles

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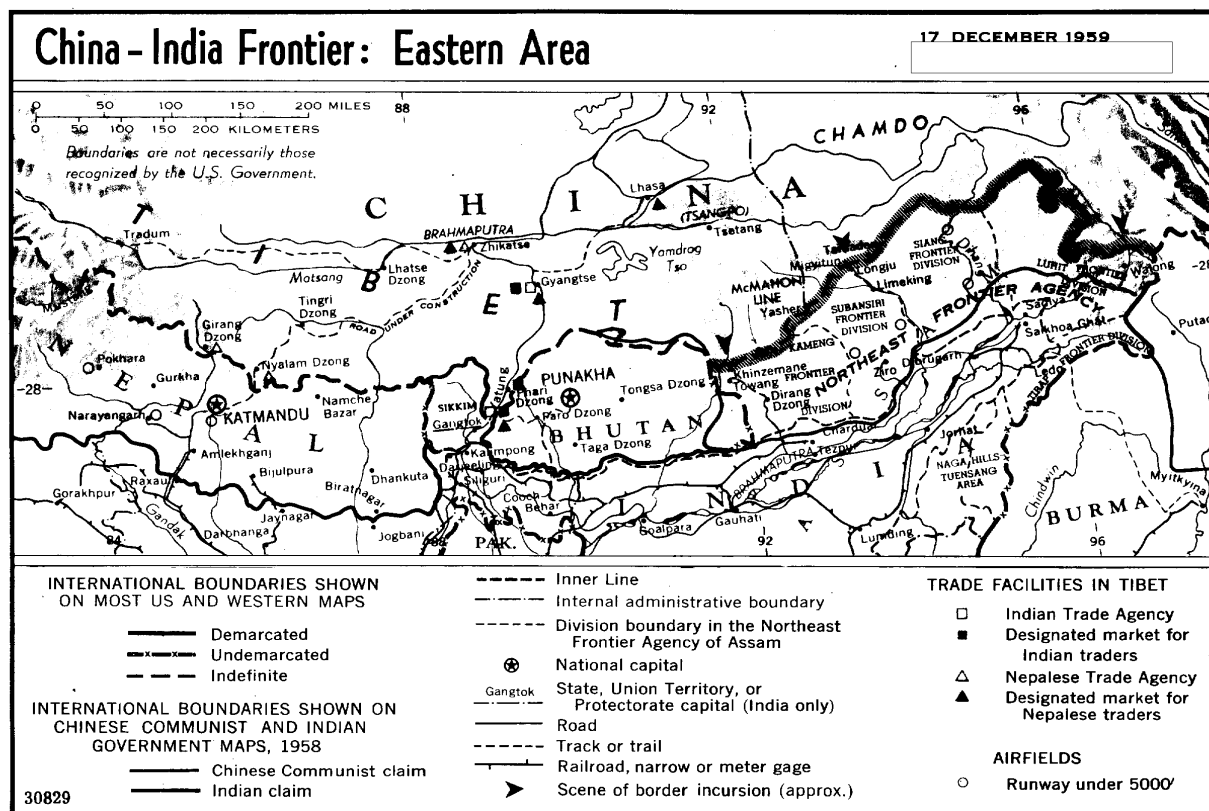
southeast of Niti Pass. Numerous notes have been exchanged between India and China since 1954 over its ownership, and both Chinese and Indian patrols have alternately occupied the area. India claims that the border follows the major water divide--the Niti, Tun Jun, and Shalshal passes; the Chinese view presumably is that the border runs south from the Niti Pass through the Chor Hoti

tures do exist along the Chinese-claimed border.

Assam-Tibet Sector

The dispute over India's North-East Frontier Agency (NEFA) involves an area of about 26,000 square miles inhabited by roughly 500,000 to 800,000 primitive hill tribesmen. The area is a belt of steep hill and mountain ter-

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Pass, several miles south and west of the Indian line.

Curiously, however, Chinese maps showing the boundary delineation agree with the Indian maps. Part of the trouble arises from the nature of the water divide, which is relatively inconspicuous, with no high peaks or difficult passes marking its crest. Such fea-

rain 50 to 100 miles wide that rises sharply from the Brahmaputra plains to the crest of the Great Himalaya and associated ranges, which coincide with the McMahon line. The Chinese-claimed border generally runs along the southern margin of the hills.

This is by far the most difficult of the Himalayan

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areas to penetrate from the plains. Heavy rains continue from June through October; dense, tangled forests choke the valleys and cover much of the hill country; landslides are common, and earthquakes are not infrequent. The various tribal groups have little outside contact; beyond petty trade with one another or with Tibet and Assam. Although groups in the northwestern part of the Kameng Division have close ethnic and cultural ties with Tibet, most of the hill tribes appear to have little kinship with either the Assamese plains dwellers or the Tibetans.

The dispute over the NEFA area concerns the validity of the tripartite 1914 Simla Convention--signed by Great Britain and Tibet but not by China--and the appended convention map, on which the Tibet-Indian border--McMahon line--was drawn. The primary purpose of the convention was to clarify Tibet's relationships with British India and China. India points out that subsequent Chinese protests over the Simla agreement were concerned with these relationships--particularly the delimitation of Inner and Outer Tibet--not with the McMahon line. Chou En-lai, however, holds the McMahon line to be "illegal," since China did not sign or ratify the Simla Convention.

With the possible exception of the Towang area, most of the NEFA appears to have had no administration from India, Tibet, or China. Before 1900 the British had made pacts with the various hill tribes designed to keep them from raiding the plains dwellers; but civil administration of the area was left largely unattended. Despite the drawing of the McMahon line in 1914, almost nothing was done thereafter to extend administrative control into the hills. Until shortly before World War II, most British maps continued to show either a boundary at the line separating hill tribes from the plains dwellers--which is in

accord with most Chinese maps--or no boundary at all.

In 1943-44 the British attempted to "make good" the McMahon line, a policy continued after 1947 by the Indian Government. Administrative control was slowly extended; airstrips were built to supply outlying valleys; and, more recently, roads have been constructed linking the plains with the headquarters of the Kameng and Subansiri Divisions. In 1954, India was able to install a pro-India abbot at the important Towang Monastery, thus reducing Lhasa's religious ties with the area.

Chinese occupation of Tibet resulted in improved communications within Tibet and in an extension of Chinese military and civil control to areas adjacent to the McMahon line. After the March 1959 uprising in Tibet, several Indian posts were moved to the border vicinity--Longju outpost was occupied in April. Border clashes occurred at Longju and Khinzemane in August.

Outlook

Maps of various dates and by different authorities have been used by both China and India to support their versions of the border alignment. These maps, however, merely reflect the lack of border surveys and the poorly mapped nature of some frontier sections. As indicated by the exchanges between Nehru and Chou En-lai, Indian and British maps could be used to support both Indian and Chinese claims; and, conversely, some Chinese maps could be cited to support either position.

Neither India nor China can make a conclusive case for its position on all disputed areas, nor is either likely to submit its claims to arbitration. Negotiations over many of the disputed areas will be hampered and confused by the lack of basic surveys and accurate maps.

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